Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	$L125.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rm4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$22	Netherlands	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	NKr8.00	USA	$1.00

FINANCIAL TIMES

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Dirty salesmanship in shadowy world of arms dealers, Page 6

World News

Contras kill nine in Nicaragua attack

US-backed Contra rebels killed nine people in an attack on a peasant farm co-operative in central Matagalpa province, Nicaraguan government radio reported.

Earlier the Sandinista Government freed leading human rights activist Lino Hernandez, jailed five months ago over an anti-Government demonstration, and a new alliance to oppose aid to the Contras was formed in the US.

Peres abandons push

Israeli Foreign Minister Shimon Peres's Labour Party said it was abandoning efforts to bring about early elections over proposals for a Middle East peace conference.

Mercedes strikers fired

Mercedes-Benz fired 2,000 black workers who defied an ultimatum to end a five-week strike which has halted the company's South African production. Page 4

Single-union deal

Leaders of Britain's biggest union, the Transport and General Workers', signed one of the controversial single-union agreements it has been attacking at the annual congress of the labour movement, the TUC. TUC report, Page 8

New Caledonia rally

Thousands of French loyalists staged a mass rally in the New Caledonian capital ahead of Sunday's referendum on independence. Patriotic line, Page 2

Bukharin defended

Soviet historian Yuriy Afanasyev published a strong defence of Nikolai Bukharin, the Bolshevik leader executed by Josef Stalin.

Austria cuts spending

Austria's ruling coalition agreed to make heavy cuts in state spending. Page 2

Chirac backtracks

Prime Minister Jacques Chirac said that a controversial reform of French nationality laws would probably be shelved until after next year's presidential poll.

Heysel fans arrive

Twenty-five British soccer fans arrived under armed guard in Belgium for trial in connection with the 1985 Heysel riot.

Malaysia jailing

Malaysian assistant social services minister Adib Said Besar Sing was jailed for four months by a religious court for having illicit sex with a young woman.

China grain proposal

Official newspaper Economic Information proposed that China should change to a free market in grain.

Zimbabwe killings

Six people, including three nurses, were shot dead in an ambush in western Zimbabwe, police in Harare said.

US fires contained

Fires that have burned more than 240,000ha of forest in the western US were being contained, Forest Service officials said.

Tripoli bomb blast

Fifteen people were injured in a bomb explosion in a shopping street in the northern Lebanese port of Tripoli.

Chad Stinger plea

The US Government was considering a request from Chad for Stinger anti-aircraft missiles for use in its conflict with Libya.

Manhattan spoked

New York's recent restrictions on bicycles in Manhattan were issued improperly and may not be invoked, a state Supreme Court judge ruled.

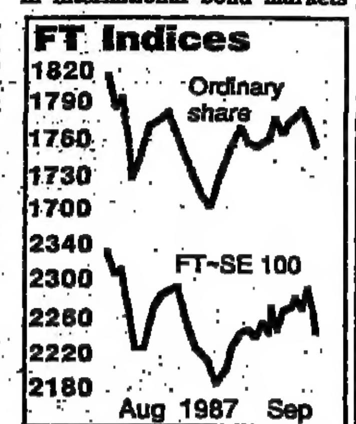
Business Summary

Volvo GM Truck in $100m US expansion

VOLVO GM Truck Corporation of Sweden is to spend $100m to expand US production capacity and develop products in the US. Page 19

NATIONAL Westminster, UK's largest clearing bank, has decided to give independent advice on financial services through its 3,200 bank branches and 80 trust branches rather than selling its own products. Page 9

LONDON was hit by weakness in international bond markets



and the unsettled US and Japanese stock markets. The FT-SE 100 index fell 25.9 at 2,249.1 and the FT Ordinary index lost 19.1 to 1,758.1. Details, Page 28

WALL STREET: The Dow Jones industrial average closed 4.15 up at 2,549.27. Page 42

TOKYO: Profit-taking hit telephone and telecommunications stocks and the Nikkei market average slid 286.16 to 24,937.93. Page 40

GOLD fell $0.50 on the London bullion market to close at $457.50. In Zurich it rose to $458.25 ($456.50). Page 38

DOLLAR closed in New York at DM1.80225, Y141.975, FFr6.0275 and SFr1.4925. It rose in London to DM1.7965 (DM1.7925); to FFr6.0125 (FFr5.9950); to SFr1.4870 (SFr1.4840); but fell to Y141.55 (Y141.70). On Bank of England figures the dollar's exchange rate index rose 0.3 to 100.4. Page 31

STERLING closed in New York at $1.6465. It fell in London to $1.610 ($1.6595); to DM2.9650 (DM2.9750); to FFr9.9275 (FFr9.9475); to SFr2.4550 (SFr2.4625); to Y233.75 (Y235.25). Pound's exchange rate index fell 0.3 to 72.9. Page 31

GULF + WESTERN, diversified US services group, boosted third-quarter earnings by 25 per cent to $102.6m or $1.66 a share. Page 19

SEAGRAM, Canadian drinks group, reported a sharp rise in second-quarter earnings to $139.4m or $1.46 a share from $116.7m or $1.23 a year earlier. Page 19

BENETTON, Italian clothing group which has embarked on ambitious diversification into financial services, is to buy 35 per cent of Euromobiliare Gestione, fund management company owned by Milan-based Euromobiliare, leading investment bank. Page 19

NEWMONT MINING, US gold and energy group facing a $6.3bn bid from Mr T Boone Pickens, has asked its shareholders to defer a decision on the $95 per share a tender offer. Page 19

RADA, New Zealand investment group, has achieved its target of obtaining 44 per cent shares in New Zealand Forest Products and will continue buying at its offer price of 500 cents a share until tomorrow to give small investors the chance to accept the offer. Page 19

ENSERCH, Dallas-based energy group, plans to restructure its loss-making oilfield services segment, sell 20 per cent of the reorganised assets, and file a registration with the US Securities & Exchange Commission over the proposed sale. Page 19

OPPENHEIMER and Co, US investment bank, is suspending operations at its small London Eurobond subsidiary following resignation of the unit's managing director, Mr Alexis Dogilewski.

Moscow may back call for Iran arms embargo

BY PATRICK COCKBURN AND EDWARD MORTIMER IN MOSCOW AND ANDREW GOWERS IN LONDON

THE SOVIET Union is likely to back a UN Security Council resolution imposing an Iranian arms embargo if Iran fails to implement an earlier UN call for a ceasefire in the Gulf war, a normally well informed Soviet commentator said yesterday.

Soviet support, which had been considered uncertain, would significantly boost the likelihood that the UN will impose a mandatory ban on weapons sales to Iran if Mr Javier Perez de Cuellar, the UN Secretary-General, fails in his peace mission to Tehran and Baghdad, due to start tomorrow.

The Soviet commentator expressed strong scepticism about the chances of Iran voluntarily implementing the ceasefire resolution agreed in July, although Mr Vladimir Petrovsky, a deputy Foreign Minister, said yesterday that Moscow regarded it as "extremely important" that Mr Perez de Cuellar should leave for Tehran.

Mr Perez de Cuellar's chances of success in obtaining Iranian agreement are considered slim. If he comes away empty handed, the US will immediately press for an arms ban.

His mission has also been overshadowed in the last two days by new Iraqi attacks on Iranian targets on land and at sea. Yesterday, the Baghdad Government reported that aircraft raided dozens of targets in Iran, including factories, communications sites and an offshore oil terminal, in revenge for Iranian missile attacks on Iraq's ally, Kuwait, last week.

Iran, which had previously said it would exercise self-restraint during Mr Perez de Cuellar's mission, immediately warned that it would launch reprisal strikes and called on Iraqis to evacuate areas around economic, military and industrial centres.

Tehran confirmed that Iraqi bombing of western Iranian towns had caused damage but no reported casualties, and claimed to have shot down an Iraqi fighter-bomber over a town not far from Tehran.

It also became clear yesterday that the two "large naval tar-

Continued on Page 18

US launches second largest bank rescue in country's history

BY ANATOLE KALETSKY IN NEW YORK

THE US Government yesterday mounted the second biggest bank rescue in the country's history, with the announcement of a $1.5bn takeover of First City Bancorp, the biggest independent bank in Houston, Texas, and, ranked by assets, the 39th bank in the US.

In a complex transaction orchestrated by the Federal Deposit Insurance Corporation, First City, which has been spotlighted since the collapse of oil prices as probably the most unstable major bank in the US, is to be taken over by a private investor group led by Mr Robert Abboud, a leading banker from Chicago.

First City had total assets of $12.5bn at the end of the second quarter and its non-performing loans of $1.1bn were far in excess of its $480m of shareholders' funds. The FDIC will inject $970m of government money into the deal and Mr Abboud, backed by the Wall Street firm of Donaldson & Lufkin has undertaken to provide $500m of new equity and preferred stock.

First City's existing common shareholders will lose essentially the whole of their investments. Their present 100 present per cent ownership will be diluted to less than 2 per cent.

The bank's top management will also be replaced, with Mr Abboud taking over as chairman and other senior appointments being subject to FDIC approval.

Mr William Seidman, chairman of the FDIC, went out of his way to stress yesterday that the rescue operation was not an illustration of the theory that some banks are too large to be allowed to fail. 'For all practical purposes in terms of the stockholders and the management, the bank has failed,' he said.

However, by contrast to the biggest bank rescue in US history - the $4.5bn bailout of Continental Illinois of Chicago in 1984 - the FDIC will not take over direct control of First City and the Federal Reserve Board will not need to provide any emergency money-market assistance to the failing bank.

Instead the FDIC will effectively buy up First City's bad and doubtful loans and segregate them in a new specially formed company whose sole purpose will be to liquidate the loan portfolio. With its balance sheet strengthened by the removal of the bad loans and the $500m capital infusion to be arranged by Mr Abboud and his syndicate, First City will continue operations as one of the largest independent banks in Texas.

Initially $1.79bn of loans, mostly in the energy and property sectors, are being segregated into the FDIC's new 'spin-off' bank. But First City will have the right to transfer further at a declining price for a year after the recapitalisation deal is closed. As assets in the spin-off bank are liquidated, the proceeds will go first to repay the FDIC and then to the current shareholders of First City.

In addition, the FDIC will receive warrants which could be convertible into up to 15 per cent of the common equity of the restructured First City. Most of the rest of the equity will be owned by public shareholders who subscribe to the capital offerings on Wall Street to be arranged by Mr Abboud and DLJ.

Mr Abboud is a controversial and aggressive figure, who was chiarman of First Chicago until 1980 when he was forced out by the board, partly as a result of his conservative management of the bank. Mr Abboud was widely blamed at the time for allowing First Chicago to be overtaken as the city's leading bank by the much more aggressive Continental Illinois. He then became chief operating officer of Occidental Petroleum, but resigned in 1984 after disagreements with that company's management.

Manila cabinet quits in effort to heal rifts

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corazon Aquino's entire Cabinet handed in their resignations yesterday to enable her to try to mend the deep divisions that have grown within the Philippines Government and the military since the failed coup attempt 13 days ago.

A spokesman for Mrs Aquino said she would decide soon, perhaps as early as today, which of her 24 Cabinet ministers to reappoint. She has called a meeting of a newly formed Council of State for today rather than convening the National Security Council, which has much heavier military representation.

Senior politicians suggested that Mr Jaime Ongpin, the Finance Minister, might be forced out as part of a trade-off for the removal of Mrs Aquino's two top advisers who have attracted most criticism since the coup, Mr Joker Arroyo, the powerful Executive Secretary, and Mr Teodoro Locsin, the special presidential adviser.

However, Mr Ongpin is widely respected in international financial circles and has been an instrumental figure in renegotiating the Philippines debt and persuading world bankers of his country's intention to honour its commitments. His loss would be a major blow to Mrs Aquino.

One difficulty in sacking Mr Arroyo and Mr Locsin would be that the dissident military leaders of the failed coup had demanded their removal, and this could then be interpreted as a rebel victory over a weak president. However, Mr Arroyo has been particularly controversial and has been accused by a wide range of critics within the military, business and church of being a left-wing extremist and an exceptionally inefficient administrator of the presidential office.

Yesterday's resignations are closely tied to a battle over the direction that government policy should take. When Mrs Aquino came to power herself after a civilian backed military revolt in February last year, her cabinet, most of whose members remained until yesterday, was made up of a coalition of people opposed to former President Ferdinand Marcos but with widely varying ideas of how the country should develop. Mrs Aquino has often appeared indecisive and unsure about which way to go, but the issues are now coming to a head.

Mrs Corazon Aquino: decisions soon

The resignations came a day after Mr Arroyo attacked three senior businessmen in a speech to the House of Representaives, accusing them of "high treason" and trying to destabilise the Government.

Mr Arroyo also strongly attacked Mr Ongpin for his part in persuading Mrs Aquino to give a government guarantee covering $56m of debt owed by a private company, Planters Products. Some of the country's creditor banks had demanded this guarantee, which they claim the previous government had promised them two years ago, before they would agree to reschedule $10.3bn of the country's official debt.

Capitalism toasts Germany's leading Communist

By David Marsh in Essen

MR ERICH HONECKER, leader of Communist East Germany, yesterday made a foray into the lion's den of West German capitalism. In doing so he raised hopes of new impetus in trade between the two countries.

'For me, Essen was not the town of the Krupps, but of the battling working class,' wrote Mr Honecker a few years ago of the time in 1933-34 when he led political agitation against the Nazis in the Ruhr steel town.

Mr Honecker did not see much of the workers yesterday when he made his first visit to Essen for more than half a century. Surrounded by nervous security men he was given a glittering welcome in the Villa Hugel, the home of the Krupp corporate empire labelled by Mr Honecker in previous writings as Imperial Germany's weapons profiteers.

Times have changed. Mr Honecker, on the third day of his landmark visit to the Federal Republic, spent a hectic time toasting and ceremonising with the cream of West German industry. He was welcomed in the 19th century villa by Mr Berthold Beitz, the long-time Krupp supervisory board chairman and the man mainly responsible for restoring the company's fortunes and image after World War II.

Portraits of the Krupp dynasty glowered down from tapestry strewn walls as Mr Honecker mingled among a select group of company chairmen, top functionaries and political chiefs

Mr Honecker told a respectful West German TV interviewer that his political talks in Bonn on Monday and Tuesday had produced a 'good result' which would give new impetus to trade. Goods transactions between the two countries have fallen slightly in the last two years, above all because of problems with East Germany's outdated economy and rising indebtedness. Trade between the two Germanys is expected to total about DM 14bn ($7.8bn) this year against more than DM 15bn in 1985.

Mr Beitz, 73 and born in what is now East Germany, has in recent years struck up a friendship with Mr Honecker. As the 75-year-old visitor toppled down the helicopter steps after being whisked to Essen yesterday, Mr Beitz joked about the weather and the Pope, whose visit to Essen in May caused even greater traffic chaos.

Mr Rudolf von Bennigsen-Foerder, chairman of Veba, the energy conglomerate which is West Germany's biggest trade partner with the East, said that the political rapprochement had produced a 'signal' for improved trade. 'The work is now beginning,' he said.

James Capel takes over French stockbroker

BY GEORGE GRAHAM IN PARIS

FRENCH financial markets opened up to the outside world yesterday with the takeover of a Paris stockbroker by James Capel, the London broking firm.

Capel will take 100 per cent control of Dufour Koller Lacarriere from 1990, in line with Paris bourse regulations, due to be debated in the French Parliament this autumn, which allow gradual entry of outside capital into the "agents de change", or brokers.

James Capel, taken over in London's Big Bang deregulation by Hongkong and Shanghai Bank, is the first foreign financial institution to announce the purchase of a French broker. But a number of American and European banks and securities houses, including Barclays and Shearson Lehman, have been in negotiations with other "agents de change".

At the same time as Capel's announcement, Mr Xavier Dupont, the Paris Stock Exchange chairman, announced that he is to sell control of his broking firm, Dupont Denant, to Credit National, the state-controlled industrial financing institution.

Credit National will raise its stake to 51 per cent by 1990, and the new partnership plans to seek another foreign shareholder to take a stake of up to a third.

The new alliances take the radical restructuring of the Paris financial markets a stage further. This will end in 1992 with the abolition of the 180-year-old closed shop of "agents de change" set up under Napoleon.

The reforms are in part aimed at stemming the increasing number of large transactions in French shares which have moved offshore to the less regulated London market.

The French Treasury has tried to encourage links with a number of foreign banks, partly with the aim of improving the distribution of French securities to overseas investors. It promoted co-operation, for example, between the big state financing institution, Caisse des Depots, and three foreign banks - Standard Chartered, Shearson and Daiwa - over the overseas placing of French government bonds.

Capel had held talks with some eight firms, but waited to see if the prices asked would come down. It was keen not to move too late, however, in case the French authorities decided to limit the number of "agents de change" which they would allow to fall into foreign hands.

While Dufour is not one of the largest brokerages in Paris, it is active in block trading with foreign institutions.

Dupont Denant, meanwhile, is estimated to be the fourth most active broker in the French bond market, and also has a strong presence in the Matif financial futures market. It has FFr2bn ($328m) of funds under discretionary management and a further FFr2bn of unmanaged private client accounts.

Daimler links with Mitsubishi

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN FRANKFURT

DAIMLER-BENZ, West Germany's largest automotive group, and Mitsubishi of Japan are in the final stages of negotiating a deal to develop jointly a range of vans of all sizes which they will produce in Spain.

Mitsubishi will also open some of its dealer network in Japan to Daimler-Benz's Mercedes cars and commercial vehicles.

The arrangement brings together Daimler, the world's largest producer of heavy trucks over six tonnes with an output of 124,000 last year, and Mitsubishi, whose Fuso vehicles have an excellent reputation and which is eighth in the world heavy truck production league with a 1986 output of 39,000.

It marks a further step in the growing Japanese presence in the European van market. Nissan already assembles commercial vehicles in Europe, and Toyota is about to start the assembly of pickup trucks in collaboration with Volkswagen, thus avoiding restrictions on Japanese vehicle imports.

It will also open markets to Daimler in the US and Latin America and is certain to be viewed with some alarm by the two companies' rivals.

Announcing the discussions with Mitsubishi during the run up to the Frankfurt Motor Show yesterday, Mr Edzard Reuter, chairman of Daimler, also revealed that his company hoped to buy 5 per cent of France's state-owned Matra electronics and motor components group

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Daimler offshoot sacks black workers, Page 4; Volvo-GM boosts US investment, Page 19

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WHY THE RADICAL BRAZILIAN DEBT PLAN FAILED

Finance Minister Bresser Pereira: now publicly committed to conventional approach, Page 18

Tough Austrian budget targets pensions, wages

BY JUDY DEMPSEY IN VIENNA

AUSTRIA'S Socialist-led coalition government has drawn up an austerity budget for 1988 which will involve major reductions in pensions and in social welfare services as well as cutbacks in the bureaucracy and decreases in planned wage rises.

The announcement was made after days of discussions between Chancellor Franz Vranitzky's Socialist Party and the Conservative People's Party led by Dr Alois Mock. In spite of differences on the cutbacks, both parties agreed that the growing budget deficit had to be brought under control.

The budget deficit will reach Sch 75bn (£3.7bn) this year. Dr Ferdinand Lacina, the Finance Minister, said last month unless the budget deficit was controlled, it could reach Sch 100bn by the end of next year. He insisted that the deficit must be kept at around Sch 70bn for next year which, he said, would mean looking for savings of Sch 30bn.

Mr Lacina is also aiming to reduce the share of the net deficit in the budget from 5.1 per cent to 4.9 per cent during this year and down to 4.4 per cent by the end of 1988. Now that the budget has been agreed in principle by the coalition government it will be debated when parliament meets on October 20. Dr Joerg Haider, the leader of the right-wing opposition Freedom Party, has criticised the budget and how Government, however, can confidently expect to get the budget through.

The areas which have been affected by next year's austerity budget include:

- Pensions. A reform of the pension is now on the agenda. Pensions are not managed by the government but by an independent social services institution. Over the years it has run up a large deficit which the government has been obliged to meet by allocating a percentage of the budget expenditure to the fund. Under new reforms, the government will save over Sch 2bn.
- Medical insurance. This has been increased from between Sch 30 and Sch 50 per day while in hospital which will bring in over Sch 1bn to the government coffers.
- Children's allowances which were granted until the age of 27 will now be lowered to the age of 25. The allowance of Sch 15,000 for newly-married couples has been scrapped. Total savings will amount to Sch 1.3bn.

The large and ungainly Austrian bureaucracy will have to find savings of Sch 2bn. The Government aims to slow down recruitment and cut back on overtime.

Pope seeks to still US dissent

BY JOHN WYLES IN ROME

POPE JOHN PAUL II today begins the second visit of his papacy to the US in a fresh attempt to still discontent in the American Catholic Church with many of his teachings.

At the start of his previous visit in 1979, the Pope referred to Americans as the "distracted affluent"—a remark which some attribute to a basic anti-capitalism. A less controversial view is that the Pope regards the huge number of dissentients from Church orthodoxy among America's 53m Catholics as a product of excessive materialism.

Much of the Pope's attention on this 10-day trip will be given to less fortunate minorities: to blacks in New Orleans, Hispanics in San Antonio, Texas, American Indians in Pheonix Arizona and to Eskimos at Fort Simpson in Canada's north-west territories. Other cities on his tour are Los Angeles, San Francisco—where he will meet AIDS victims—and Columbia, South Carolina.

While he will also be talking to leaders of other churches, Catholic church workers are hoping that, unlike in 1979, Pope John Paul will be listening to explanations of their heterodox positions on matters such as divorce (1m US Catholics are reportedly divorced) and sexual morality, artificial insemination and contraception, and the ordination of women priests.

Although the American Church does not lack a strong orthodox wing, many working priests and rank and file Catholics are upset at his attempts to clamp down on "liberal teachings" and behaviour. Last year's suspension from teaching at the Catholic University in Washington DC of the leading theologian, Mr Charles Curran, brought widespread protests as did the earlier disciplining of the Archbishop of Seattle, Rt Rev Raymond Hunthausen.

A radical of true grit, the Archbishop has refused to pay a proportion of his taxes designated for military spending and has taken part in blocking of a railway convoy carrying nuclear weapons to bases in South Carolina.

Nonetheless, the Pope is not expected to offer his American flock any new flexibility on doctrine. "He will clearly defend Church teachings which are under attack, fully aware of the fact that in the US dissent, protest and pressure groups are part of the American scene as instruments for the shaping of public opinion in society at large as well as within the Church," said Mgr Jan P. Schotte, the Vatican's secretary general of the Synod of Bishops last week.

The extent to which the papal visit wins more hearts and minds could have a direct influence on the Vatican's finances. A Fortune magazine survey found that a third of American Catholics earn an average of more than $40,000 a year. This underpins American gifts of "Peter's Pence" every June 29 which account for around 35 per cent of all such funds flowing into the Vatican treasury and which were worth more than L48bn (£22m) in 1985.

South Pacific storm brews among French politicians

BY GEORGE GRAHAM IN PARIS

FRENCH POLITICIANS have embarked on a new dispute over the future of their South Pacific colony of New Caledonia, four days before the island's inhabitants are due to vote in a referendum on whether they want to remain a French possession.

Mr Jacques Chirac, the Prime Minister, said in a television interview that New Caledonia had no desire to become independent, "at least not in the foreseeable future." The Prime Minister also attacked the French television networks for favouring the independentist Front de Liberation Nationaliste Kanak Socialiste in their reports on the referendum campaign.

Members of Mr Chirac's right-wing government are still smarting from the television film just before the opening of the referendum campaign showing French police bludgeoning peaceful sit-down demonstrators.

The debate has been fanned by reports that Mr Jean-Marie Tjibaou, leader of the FLNKS, had met Cardinal Bernadin Gantin, the personal representative of the Pope now touring the South Pacific.

French church officials said that it was no secret that the Pope was "sensitive to minority issues," but insisted that there was no question of a papal intervention in the New Caledonia referendum.

The Government has also been trying to play down the importance of abstentions in Sunday's referendum vote. New Caledonia generally has a relatively low turn-out at elections, but the vote is expected to be lower than usual following the FLNK's call for voters to abstain.

Chris Sherwell in Noumea previews a referendum on a troubled Pacific French colony

Holding the patriotic line in New Caledonia

EVEN HALF way round the world from Paris, the flavour of France is unmistakable. The Place des Cocotiers and the Baie des Citrons. Renaults and Peugeots. Gendarmes and games of petanque. Crossants and cafe au lait, poisson meuniere and Muscadet.

Yet is is Noumea, capital of the South Pacific territory of New Caledonia. The main island may be shaped like a baguette, but the fragrane is of bougainvilleas and flamboyants. Balmy sea breezes rustle coconut palms fringing topless beaches. Coral reefs lie in clear waters offshore.

Sounds irresistible? Unfortunately, the romantic images are gravely misleading. As a tourist spot, New Caledonia is heavily over-rated and vastly over-priced. Noumea lacks more than chic: it is shabby and dominated by a belching nickel smelter. The far from idyllic mountainous coutnryside is lamentably undevedloped.

More significantly, New Caledonia after 135 years of rule from Paris is neither a tranquil nor a contented French outpost. The whites, known as Caldoches, are nervous and worried about the future. The indigenous Melanesian Kanaks are sullen and unhappy. The differences run deep.

Indeed, though Paris might heatedly deny it, New Caledonia bears the classic hallmarks of a typical Third World settler colony, prized too much for its vast mineral resources, its strategic location and its settler privileges.

This Sunday, a referendum will ask voters whether they wish to remain tied to France or would prefer independence. The result is expected to show an overwhelming majority in favour of France's continued embrace. Yet it will settle nothing.

Jacques Lafleur (right) arrives at meeting to campaign against independence.

The 54,000 whites, together with 18,000 immigrant islanders from French Polynesia and Wallis and 11,000 Vietnamese and Indonesians, are mostly conservative loyalists who can be counted on to favour the Tricolor because, they believe, the alternative will end economic prosperity.

The 62,000 Kanaks, though they form the largest population group, are a minority in their own land. Separatist groups among them are urging voters to boycott the referendum so that, with abstentions (which in the past have run to 25 per cent), the poll is deprived of all credibility internationally.

Underscoring the tensions, some 8,000 members of the French police and army have been deployed to keep the peace and avoid a repetition of the serious racial violence which erupted in 1984 and 1985, when some 20 people died.

Those troubles followed proposals from the then socialist government in France which recognised the right of the Kanak people to independence, created regional councils in New Caledonia and promised a choice on the country's future in 1989.

The 1986 election in France of the conservative government headed by Mr Jacques Chirac brought significant changes. The choice before the voters on Sunday is now far more restrictive, and is being made in conditions strongly favouring the status quo.

Several French ministers have paid high-profile visits to New Caledonia over the past few months, and the authorities have launched a major campaign to limit abstentions. At the same time certain forms of political activity have been banned, and one pro-Kanak radio station has found its news broadcasts jammed.

As voting day has approached, political tensions have sharpened. Yesterday Mr Jacques Lafleur, a powerful businessman, member of the French parliament and leader of the anti-independence RPCR party, was allowed to stage a major political rally in the centre of Noumea to demonstrate support for continued ties with France.

Backing his stand is another right-wing group, the Front National. On the other side is the small Liberation Kanak Socialiste (LKS) party, which is using the opportunity of the referendum to urge its supporters not to vote.

This is the same stand as the important pro-independence Front de Liberation National Kanak Socialiste (FLNKS), a coalition of several separatist Kanak groups which will have nothing to do with the poll at all.

Last month, 300 FLNKS supporters defied a ban on demonstrations and staged a sit-down protest in the Place des Cocotiers. After refusing to respond to an order to disperse, they were set upon by riot police carrying truncheons and shields and using tear gas.

Filmed by television cameras and broadcast around the world, it was a major blunder by the hamfisted authorities and a public relations coup at a critical moment for the FLNKS. Two further media-oriented demonstrations have since gone off peacefully.

The idea that the referendum will resolve anything, however—as some settlers seem to believe—is a chimera. The FNLKS, which has already formed its own "provisional government" and has its own flag of "Kanaky," is committed to its campaign for independence.

Internationally, France is bound to face continued criticism from New Caledonia's neighbours in the South Pacific.

The Chirac government will also have to decide when to introduce the relevant legislation to confirm the status of the territory. The big complication here is next year's presidential election, and it could be even bigger if the socialist Mr Francois Mitterrand is returned to office.

Holding the line in New Caledonia meanwhile seems likely to grow more difficult, and more expensive. Many settlers are armed, while radical elements within the FLNKS—one of which has links with Libya—want a reversal in the non-violent path followed since Mr Jean-Marie Tjibaou, a former cleric, became its leader. It is a recipe for trouble.

Bonn borrowing likely to rise 11.5% next year

BY PETER BRUCE IN BONN

WEST GERMAN Government borrowing is set to climb a sharp 11.5 per cent to DM 29bn (£9.7bn) next year as Bonn battles to meet higher subsidy payments to the country's coal, aerospace and farm industries.

Stoltenburg: predicts economic growth of around 2.5 per cent.

Opening a three-day budget debate in Bonn yesterday, Mr Gerhard Stoltenberg, the Finance Minister, also warned that Government income in 1988 was going to be hit by a further fall in Bundesbank profits and by the second leg of a DM 19bn tax cut.

Mr Stoltenberg introduced a DM 275bn federal budget for next year, a 2.4 per cent rise on 1987 which, he declared, proved that the Government's efforts to reign in spending had not been derailed.

He predicted economic growth next year of "around" 2.5 per cent and said the Government expected gross national product to grow between 1.5 and 2 per cent this year.

Bonn's *Neuvershuldung* (new debt), though, will have turned around dramatically if Mr Stoltenberg's borrowing projections are fulfilled next year. After it came to power in late 1982, the Government managed to cut new debt from *DM* 37.2bn to less than DM 23bn in the 1985 budget.

Mr Stoltenberg said the strength of the D-mark against the US dollar—which forced the profits turned over to Bonn by the Bundesbank down to DM 7.3bn from DM 12.7bn—meant these profits would fall to DM 6bn for next year.

The continuing wide difference between the international price of coal and the higher price of domestic coal—which Bonn partly pays—meant the subsidy next year would rise to DM 2.4bn from DM 2.3bn. In 1982 this subsidy cost Bonn only DM 500,000.

He said new money to help launch a new family of Airbus aircraft—the A-330 and A-340—had been included in the budget and that in view of this "considerable" increase in aerospace assistance, "We are assuming stronger financial participation from industry."

Agriculture, too, was being allowed more money "far in excess of the average increases," Mr Stoltenberg said. "With that we will be paying the bill for the continuing pressure on our farmers from falling incomes, surpluses and changes in EC agricultural policies," he said.

He was deliberately vague on details of how he plans to finance a big tax reform planned for the 1990s, though he rejected SPD charges that he planned to raise fuel taxes. Perhaps as a measure of the straightened corcumstances in which he finds himself, Mr Stoltenberg also appeared to be using reduced figures to describe the reform.

When it was announced this year, the Government spoke of a DM 44.3bn total, of which some DM 25bn would be a net cut. Yesterday Mr Stoltenberg put the total at DM 39bn and the net cut at DM 20bn.

Fiat to sign accord for small-car plant in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

SENIOR OFFICIALS from Fiat of Italy yesterday signed an agreement here with the Polish Polmot Enterprise to organise production capacity at the FSM small-car plant in the south of the country. At the same time steps were being taken to do the same for FSO, in Warsaw, the country's other car makers.

The agreement signed yesterday in the presence of Mr Giovanni Agnelli, Fiat's chief, is for Fiat and other West European companies to provide machinery and equipment worth $470m to FSM, which is to start operations in 1991 with a new model.

It is planned that output of the new small car should reach 160,000 units of which one third would be marketed by Fiat in Italy and Western Europe.

Daihatsu, the Japanese car maker, is also bidding for the FSO modernisation and is offering this year's latest Charade as the car to be made there. Much depends on the financing of the deal. Both the Japanese and the Italian governments are loth to guarantee credits for the projects until Poland pays its arrears on rescheduled government loans

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SCHLUETER LIKELY TO HEAD MINORITY GOVERNMENT

Election strengthens extremes in Denmark

BY HILARY BARNES IN COPENHAGEN

A SMALL but decisive shift to the extremes in Tuesday's parliamentary elections has cast Danish politics into a period of uncertainty. The four-party *coalition under Prime Minister* Poul Schlueter, which has ruled for five years, lost its working majority, but the socialist opposition failed to gain one.

This means that there is no longer a discernable majority for the right or the left, but the most likely outcome is that Mr Poul Schlueter will return again as the head of a new minority government, and face an almost impossible parliamentary future.

Although the six non-socialist parties have 90 seats in a 179-seat Folketing, or parliament, this slim majority appears to be unusable, because of the Radical Liberals' inability to serve in a conservative government which includes the Progress Party, or a coalition of the left which includes the Socialist People's Party.

The *coalition* parties—Conservatives, Liberals, Centre Democrats and the Christian People's Party—lost seven seats bringing its total to 70—and the Radical Liberals, which had supported the coalition in the *last parliament, only gained one* seat to 11.

The election's most fateful development was a three-seat gain for the anti-tax Progress Party, bringing it to nine seats. This makes the moderate right dependent on the votes of the Progress Party. But the Radicals regard the Progress Party as parliamentary untouchables and say they will not support a government which depends on its votes.

The Progress Party was founded in 1972 by Mr Morgens Glistrup, a lawyer, and bounced into the Folketing in 1973 with 16 per cent of the vote. Its fortunes have declined together with those of Mr Glistrup, who had to serve a four-year sentence for tax fraud, which kept him out of the last parliament.

But the party had a dual appeal to the voters this time. It has played the radical card, criticising the Folketing for allowing too many Asian refugees to enter the country, and it has attracted the votes of those who have become disillusioned with Mr Schlueter, *especially as the tax burden has* risen from 44 to 51 per cent of gross domestic product since 1982.

Mr Glistrup is back in the Folketing again, but his influence in the party is on the wane. Mrs Pia Kaersgaard, the party's front-person in the election campaign, and Mr Helge Dohrmann, the party's parliamentary leader, want the party to drop the protest label *and co-operate in the Folketing* with the other non-socialist parties. This apparent change of heart is the best chance the country appears to have of muddling through at least in the short-term.

The other notable development was a further gain for the Socialist People's Party, which went ahead from 11.55 per cent to 14.6 per cent of the votes and from 21 to 27 seats, and the complementary reduction in support for the more moderate Social Democratic Party, which saw its support slide from 31.6 per cent to 21.3 per cent. In its heyday it could count on up to 44 per cent of the vote.

The party is an unequivocal supporter of raising more taxes and strengthening the resources of the welfare sector, which gives it a strong hold on public sector employees. Its opposition to Nato and European Community membership is an attraction for younger voters especially.

The Danish voter's taste for the bizarre found expression in the election of four members of Faelleskurs, or Common Cause, a party formed recently by the chairman of the Seaman's Union, Mr Preben Moeller Hansen. He, or his union, gained notoriety last year when they exposed shipments of arms from Israel to Iran in a Danish ship, even earning the union a mention in a speech by Presidet Reagan. Mr Moeller Hansen shares with Mr Glistrup a distaste for Asiatic refugees.

Goria to tour European capitals for Gulf talks

BY JOHN WYLES IN ROME

MR GIOVANNI GORIA, Italy's new prime minister, embarks today on a taxing tour of European capitals during which he will argue the need for a more co-ordinated European approach towards ensuring the safety of navigation through the Gulf.

The 44-year-old Christian Democrat will be flying out of Rome within hours of a Senate vote of confidence in his government which was expected in the early hours of this morning.

In the face of strong Communist and other left-wing opposition to the coalition's decision to send an eight-ship task force to protect Gulf shipping, the Government decided yesterday to demand its first vote of confidence since coming into office at the beginning of August. All the indications last night were that it should win comfortably.

Accompanied by Mr Giulio Andreotti, his foreign minister, who has manifested only tepid enthusiasm for the Gulf mission, Mr Goria will first call at The Hague this morning and then move on to Madrid this afternoon. He will then go to Brussels, Dublin and London next week, Bonn 10 days later, and then Paris and Copenhagen on October 2.

The public explanation for these peregrinations is Mr Goria's desire "to reaffirm Italy's European commitment." Since this has not been in doubt for the past 30 years, the real reasons have more to do with his desire to build up a badly-needed domestic image of authority and statesmanship.

Such an exploitation of foreign travel has been tried and tested the world over. In fact, Mr Goria has rather more experience of diplomacy than many of his 18 post-war predecessors, having participated in many international gatherings as Treasury Minister

Nevertheless, he will take the opportunity to discuss the Gulf war with other heads of government and, perhaps, to regret the failure of European governments to co-ordinate their policies

Madrid seeks public help against ETA

MADRID authorities, fearing a major attack in the run-up to a Basque trial, yesterday urged people to help police spot separatist guerrillas believed to be at large in the capital, Reuter reports from Madrid.

Police will man two special telephone lines round the clock to receive confidential tips, the office of the government representative in the region said.

"The government delegation in Madrid, faced with the possibility that some members of the terrorist gang ETA could be in the Spanish capital to commit a criminal act, asks citizens to collaborate in preventing such actions," it said.

Six alleged guerrillas of the separatist group ETA (Basque Homeland and Freedom) detained in January are due to stand trial on September 30. Police said the six confessed they planned to blow up the capital's biggest shopping centre.

ETA carried out Spain's worst modern guerrilla attack in June, killing 21 shoppers with a car-bomb in a Barcelona supermarket.

ETA said the death toll in Barcelona was due to a mistake, but officials believed the attack was a deliberate departure from its usual attacks on security forces in order to force the government to discuss demands for Basque self-determination.

Suspected ETA guerrillas shot a Civil Guard officer through the head in Bilbao on Tuesday.

Swedish graffitists face fines

TRAVELLERS on the Stockholm underground will be banned from carrying marker pens and spray-paint to try to put a stop to graffiti, public transport officials said yesterday.

Passengers caught with the prohibited items and suspected of malicious intent risk a SKr1,000 ($160) fine when the ban takes effect on September 15.

"It is up to the police to judge the intent of those carrying markers, but they usually know the kids who are responsible for the graffiti," Mr Hans Oden, legal counsel of Stockholm's public transport company said.

Carlsson and Reagan agree to disagree on foreign policy

PRESIDENT Ronald Reagan of the US and Mr Ingvar Carlsson, the Swedish Prime Minister, agreed to disagree on major foreign policy issues, but stressed the importance of resuming the dialogue between the two countries disrupted nearly 30 years ago, US officials said yesterday, AP reports from Washington.

Mr Carlsson and Mr Reagan presented opposing views after a 50-minute meeting on US support for the contra rebels in Nicaragua and on the proposed US Star Wars nuclear-weapons defence.

Sweden views US support for the contras as interference in Nicaragua's internal affairs and has given almost $30m in humanitarian aid to the Sandinista Government this year.

Mr Carlsson told Mr Reagan that Sweden was "sceptical" that the US Strategic Defence Initiative would eventually lead to a global elimination of nuclear weapons, said a US official.

The Prime Minister referred to Swedish fears that the space-based anti-missile system would only lead to an escalation of the nuclear arms race, the official said.

But the official added that Mr Carlsson praised Mr Reagan for the progress that he had made on reaching a pact with Mr Mikhail Gorbachev, the Soviet leader, for the elimination of intermediate-range nuclear missiles from Europe.

Reuter adds: Welcoming Mr Carlsson to the White House Mr Reagan said the two countries should ask Moscow to reveal the fate of a Swedish diplomat who saved thousands from the Nazis in the Second World War.

Mr Reagan noted that Swedish diplomat Mr Raoul Wallenberg had been made an honorary US citizen for his work in rescuing hundreds of thousands of Jews

Mr Wallenberg is believed to have vanished while in Soviet custody. His fate has never been determined.

Turks may change election law

By David Barchard in Ankara

TURKEY'S RULING Motherland Party yesterday presenten draft legislation to parliament to enable elections to be held on November 1.

In addition to the existing rule requiring a party to win 10 per cent of votes before it can hold seats in parliament, a new barrier in each electoral district could mean that parties which do not get around 25 per cent of the votes will not be able to win seats.

The announcement was immediately criticised by opposition parties who claimed that the Motherland Party was interfering with the electoral system in order to guarantee itself a large majority. The three main opposition parties last night held caucus meetings to discuss a possible boycott of the election.

Turkey's election law has been changed several times in the 1980s and since 1986 has appeared to guarantee an outright majority to any party winning around 35 per cent

Meanwhile, Mr Muammer Elcin, the President of Turkey's electoral council, said he had serious worries about holding elections in such a short space of time.

He said 2.4m Turks could be disenfranchised unnecessarily. They were banned from voting for five years in 1982 by the military because they did not participate in a referendum held that year. The ban is due to expire on November 6.

Fears for Sri Lanka peace accord

By Mervyn de Silva in Colombo

THE first signs of friction between Sri Lanka's rebel Tamil leaders and the Indian peace-keeping force on the island have surfaced following bitter fighting between rival rebel groups.

A memorandum listing Tamil complaints including partisan actions by the Indian military has been sent to the commander of the Indian peacekeeping force, Major-General Harkirat Singh, by the Tamil liberation "Tigers," the key separatist group.

"We hope this does not mean that the peace accord has started to fray at the edges," a Sri Lankan government spokesman said yesterday.

The letter followed a spate of incidents in the northern and eastern provinces, the areas which are accorded semi-autonomous status under the July peace agreement designed to end years of ethnic strife

In the northern Jaffna peninsula and the eastern areas of Vavuniya, Mannar and Trianco-malee, at least 13 people have died in the past few days, mostly in internecine fighting between rival rebel groups.

The Tigers say they lost seven "comrades" and accuse the rival PLOTE group of having ambushed and killed them. But more seriously they also accuse the Indian troops of being "partisan" and in some cases of having "connived" with the rival groups.

In a stiff reply, Mr J. N. Dixit, the Indian High Commissioner in Colombo, said the peace-keeping force was "an absolutely impartial body" fulfilling its obligations under the peace accord

The Tigers have also protested that Sri Lankan Sinhalese police are returning to the north and east, in the company of Indian troops and allege they have instigated clashes between the Tamil groups.

A spokesman for the Tigers in Jaffna claimed the Indian authorities were angry because the Tamil leaders had not accepted "Indian directives" on sensitive issues such as representation in the interim administrative council which will run the affairs of the north and east until provincial council elections are held by December 31.

Sayed Kamaluddin reports on relief programmes and political fallout after the worst disaster in 40 years

Bangladesh counts out the grain as more floods strike

IN THE Bangladeshi village of Asadanga near Jessore, an old man tried to reach a small boat carrying reporters around one of the areas devastated by the country's worst flood in 40 years: "Shelter, fuel, food," he shouted.

These basic needs were multiplied hundreds of thousands of times in the past two weeks after the Ganges and Brahmaputra rivers gave way to monsoon storms last month.

The man had been left behind by younger family members who had gone to a flood relief centre. His task was to ensure that their cattle and those of their possessions that had not been lost to the elements were not in turn lost to thieves.

Army and civil officials had evacuated thousands of marooned people, but thousands like the old man have been living in flooded, make-shift dwellings on bamboo platforms which they share with their cattle. Many of the dwellings do not have a roof to protect the victims from the continuing rains.

A further 50,000 people were forced to seek refuge in temporary camps in the past two days after heavy rains caused a second wave of floods in the north of the country.

The worst-affected by the new deluge were Sirajganj and Pabna districts where the Padma, Brahmaputra, Mahananda and other rivers again swelled above their danger levels.

Survivors line up for rice and wheat at a relief camp.

Officials in Sirajganj said the new flooding would set back efforts to rehabilitate millions of people ravaged by the earlier floods. Many would be cut off from relief supplies, they said.

The first wave killed more than 700 people and destroyed crops and property worth $1.3bn, according to official figures.

Another 200 people had died of diarrhoea and dysentery because they drank contaminated water and ate rotten food.

Bangladesh's Health Minister, Mr Salahuddin Quader Chowdhury, said more than 2,500 medical teams were fighting to save nearly 170,000 people infected by the diseases.

Many of the stranded people were unable to find a dry patch to cook nor could they reach the gruel kitchens run by the administration.

Such conditions are common in huge areas of the south-western district of Jessore and the northern district of Rangpur.

The flood has damaged an estimated 1.6m tonnes of foodgrains and more than 2m houses, about half of them beyond repair. Some officials fear that the crop losses could reach 3m tonnes.

Major-General Sadequr Rahman Chowdhury, chief relief co-ordinator and principal staff officer to the president, said the relief services desperately needed corrugated iron sheets for building shelters and foodgrains.

Bangladesh is a country which, even at the best of times, is unable to feed itself.

The government's target for foodgrain production for 1987-88 is a record 17.5m tonnes. It recently announced a programme for importing 2m tonnes of foodgrain, nearly two-thirds under grants from donor countries.

However, even if its efforts to recoup between 300,000 and 400,000 tonnes by quickly replanting the rice crop after the flood waters recede are successful the total food gap would still be around 3.2m tonnes, the biggest ever.

The presence of the army in the relief operations, together with the government's decision not to involve local politicians in relief distribution, has minimised corruption.

There have, however, been a number of demonstrations to protest at what some see as inadequate relief operations. Opposition political parties have organised marches to demand more and speedy relief distribution.

President Hossain Mohammad Ershad, who has visited a number of areas affected by the flood, had to face one such demonstration in Sirajganj late last month.

Local newspapers reported that thousands of flood-survivors demonstrated in the southern port city of Chittagong on Tuesday demanding food, clothes and jobs. Similar marches were held earlier in Dhaka and other places amid fears that the floods might invite a famine.

The country's planning commission is diverting some of its resources under the annual development programme for creating rural employment and the rehabilitation of rural infrastructure. Emphasis would be given to projects in transport, water resources, agriculture, health, education and communication sectors which were hit hard, officials said.

Just more than half the current-year's annual development programme funds of £980m would be made available in the form of project assistance.

Reconstruction and rehabilitation works under the revised annual development programme are expected to create a large number of jobs in the rural areas in the next three months.

From December 1 through to the end of March those in need would be provided with 500 grams of foodgrain per head each day.

Maj-Gen Sadequr said that for this purpose a special allocation of 180,000 tonnes of foodgrains would be made, in addition to an earlier allocation of 38,000 under the annual development programme.

Meanwhile, the eight-party and seven-party opposition alliances led by Mrs Sheikh Hasina Wajed and Begum Khaleda Zia respectively and the orthodox right-wing Jamaat-e-Islami are going ahead with their programme to "siege the capital" on October 7. They plan to demand the president's resignation for his "failure to handle the flood situation."

President Ershad, addressing a rally in the flood-swept northern town of Debiganj on Tuesday dismissed charges by opposition leaders that many people had starved to death after the floods.

"No one has died from starvation as a result of quick and timely supplies of food and arrangements for post-flood rehabilitation," he was quoted as saying.

He warned that anyone trying to disrupt relief supplies or make political gains out of people's sufferings would be severely punished.

Mercedes sacks black workforce in S Africa

By Anthony Robinson in Johannesburg

MERCEDES BENZ South Africa, the wholly-owned subsidiary of West Germany's Daimler Benz, yesterday sacked its entire 2,800 black labour force after striking workers rejected an ultimatum to return to work. The East London plant which assembles Mercedes trucks and cars as well as Honda cars has been strike-bound since August 4.

The dismissals follow weeks of negotiations over union demands for a minimum hourly rate of Rand 5. The company originally offered a 20 cents an hour increase to R3.70 an hour as part of an industrial council award for the industry which was then invalidated by the government because it included a provision making May Day a paid holiday.

The company subsequently raised its offer to R3.96 and added another 8 cents to compensate for a reduction in the working week from 44 to 43 hours bringing the minimum monthly wage to R750. It also undertook to reduce the working week to 40 hours without loss of pay within the next two years.

Senior management officials last night blamed the union for intransigence, pointing out that the company had made three revised pay offers, twice extended return to work deadlines and held back on dismissals for six weeks

Mr Viwe Gxarisa, local secretary of the National Union of Metalworkers of South Africa (NUMSA), said workers refused to accept less than Rand 5 an hour minimum or its equivalent through bonus or other payments.

Reuter adds: About 380 black workers at Colgate-Palmolive, South Africa's biggest manufacturer of toiletries, have voted to strike in support of wage demands;

A spokesman said the company would meet the union today to try to settle the dispute.

The workers are demanding a 25 per cent wage increase. The company has offered 16.5.

Meanwhile, two black men were stabbed to death, a teenager was saved from a "necklace" burning and security forces came under attack in a flare-up or South African township violence,

Eleven killed in Philippines revenge ambush

MEN BELIEVED to be members of a government-backed militia in the Philippines blasted houses in a remote village with hand grenades and automatic rifles at dawn yesterday, killing at least 11 people, AP reports from Zamboanga City. Police said they believed the attack on the village of Simanta was in retaliation for an ambush there last Saturday in which two militiamen were killed and two others wounded.

Balaska Pitan, 62, who survived Wednesday's attack, told investigators the victims, mostly children, were asleep when the armed men tossed grenades into their homes and opened fire with automatic rifles.

Storm grows over Australia's ID card

BY CHRIS SHERWELL

AUSTRALIA'S Labor Government, which recently ran into a storm of party and union resistance to privatisation of public enterprises, now confronts even wider opposition on another major issue — the *planned introduction of an* identity card.

With astonishing rapidity, criticism of the proposed "Australia Card" has spread from opposition political parties to newly-formed pressure groups, the union movement and state governments.

The government wants to introduce the card by 1990 to help stamp out tax fraud and welfare cheating, and says the move would bring in an extra A$900m in government revenue in the first year.

Less convincingly, it says that those opposed to the card do not want the fraud stamped out. In fact many wonder whether it would do the trick, and all opponents are concerned about the adequacy of safeguards against abuse.

The shifting trend in public opinion was indicated in the results of a telephone poll conducted for the Sydney Morning Herald and the Melbourne Age newspapers.

The poll showed a dramatic drop in popular support for the card. Compared to a similar survey carried out 15 months ago, the poll of 1,000 people pointed to a drop from 65 per cent to 39 per cent in the numbers wanting the card and a rise in those against from 27 per cent to 50 per cent. Eleven per cent did not have an opinion.

Mr Bob Hawke, the Prime Minister, yesterday addressed the biennial congress of the trade union movement, reiterating the government's position on the ID card. Specifically, he declared that the Government would not be diverted from its commitment to introduce the card and gave an undertaking that civil liberties would be protected.

Other ministers have joined in the counter-offensive. One spoke of an "hysterical campaign of misinformation" and insisted that the card was both right and in the long-term interests of the country. Mr Hawke has also reminded people that, over the similarly controversial issues of a capital gains tax and the fringe benefits tax, the government has not been deflected from its course.

Already the growing opposition looks embarrassing, particularly when taken with the awkward course of the privatisation debate started by Mr Hawke.

There is no doubt that opposition to the card is spreading. Mr John Howard, opposition Liberal leader, has called on Mr Hawke to hold a referendum on the issue.

State governments may also prove troublesome—Sir Joh Bjelke-Petersen in Queensland this week threatened non-co-operation

Palestinian children 'tortured'

By Andrew Whitley in Jerusalem

PALESTINIAN refugee children living in the Israeli-occupied territories are routinely tortured in Israeli military prisons, it was claimed yesterday.

A group of American and Arab Christians alleged that children as young as 12 are frequently subject to physical abuse by their interrogators in efforts to obtain confessions.

Sommenting on the allegations, the Isreali army said all such complaints lodged with the authorities had been investigated and would be in future.

The reports produced by the group and another civil rights organisation in Ramallah,

AMERICAN NEWS

Toshiba accuses Forest Line on export rules

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

TOSHIBA, the Japanese electronics group, facing the prospect of a Congressionally mandated ban on its exports to the US because it violated controls on high technology sales to the Soviet Union, yesterday alleged that a French company, Forest Line, breached the export regulations in 1975.

Toshiba is facing sanctions on grounds that its subsidiary Toshiba Machine breached the Nato countries Cocom export controls.

The group also charged that Kongsberg Vaapenfabrikk, a Norwegian company which supplied computer controls for the Toshiba tools was "a full partner to this conspiracy."

The machine tools which Toshiba and Kongsberg supplied to the Soviet Union in 1984 allegedly allowed Moscow to reduce the noise made by Soviet submarines, making it more difficult for Western powers to detect them.

In Paris last night, the offices of Forest Line declined to comment on the Toshiba allegations, claiming that Mr Jean-Paul Chamouton, president of the board, was away. But at the company works, Mr Christian Sarret, the secretary of the works committee said: "So far as we know, all the machines produced in our workshops and sold abroad were sanctioned by Cocom."

The disclosure of the damage to Western security caused by the sales provoked a storm on Capitol Hill where Japanese trading practices in general have been under fire.

The US Senate in an amendment to its version of the omnibus Trade Bill has approved an amendment which would ban all Toshiba exports to the US for two to five years. The legislation does, however, provide for certain exemptions for spare parts and defence equipment designed in part to limit the damage the sanctions could do to the operations of Toshiba's US subsidiaries.

In Washington, Toshiba and a phalanx of American lawyers yesterday began a bid to rally support aimed at persuading Congress not to approve the sanctions. The company released both copies of a report on the sales to the Soviet Union prepared by a US law firm and the details of the new programme it has developed to try and ensure that it does not breach Cocom regulations again.

To buttress its case that further sanctions would be unfair, it pointed out that the investigation shows the Toshiba parent company did not know that its subsidiary was exporting machine tools illegally to the Soviet Union and that in such circumstances it would not be normal for a parent company to be punished.

The group stressed that those involved in the illegal sales were being punished and that the chairman and president of the parent company had resigned as an act of apology.

Toshiba also brought to Washington the general manager of the company's production facility in Tennessee, Mr Robert Traeger, who maintained that the sanctions proposed in the Senate bill would have "a crippling effect on all of Toshiba's US operations," including its plans to export to Japan televisions and microwave ovens manufactured in the US.

Liberal Premier likely to tighten hold on Ontario

BY DAVID OWEN IN TORONTO

VOTERS in Ontario — the most wealthy, populous and industrialised Canadians province — go to the polls today in an election expected to consolidate the position of Mr David Peterson, the Liberal Premier.

In a disappointingly parochial contest, dominated by subjects such as car insurance, day-care centres and beach pollution, the stylish Mr Peterson has strolled through virtually unchallenged.

As a result, the Liberals, who ended 42 years of Conservative rule in the province by signing a power-sharing agreement with the left-of-centre New Democratic Party in 1985, are expected to gain a majority in their own right for the first time since 1937.

If so, Mr Peterson, 43, will be confirmed as the Liberals' man to watch at a time when the federal party in Ottawa under Mr John Turner is at a low ebb.

A former philosophy student, he may also play a pivotal role in shaping an eventual free trade pact between the US and Canada.

Negotiations, which resumed behind closed doors in Washington this week, are rivalling ice hockey as the national obsession in Canada.

With so many of the issues under discussion falling under provincial jurisdiction, the Ottawa government would probably be unable to implement a pact without the co-operation of the most influential provincial premiers. Mr Peterson has repeatedly stated that he would not implement a treaty which he regarded as unacceptable.

In a stance which superficially mirrors that of the Conservative administration of Mr Brian Mulroney, he is insisting on six conditons. These include continued protection for the province's vital car industry and establishment of a binding dispute - settling mechanism. Mr Peterson's apparent impregnability in the election has shifted the spotlight on to the race for second place.

According to the latest opinion polls, it is a race which the NDP, buoyed by the popularity of its national leader, Mr Ed Broadbent, and cashing in on its role in the last two years of surprisingly productive provincial government, should win.

The party's candidate for premier, Mr Bob Rae, has waged a populist campaign, laced with tilts at the establishment and hard-luck stories, which has served the NDP well in its west Canadian heartland. "I didn't go into politics to fight for the banks or the insurance companies

While this approach has apparently been insufficient to dent Mr Peterson in well-heeled Ontario (unemployment rate 5.8 per cent), it has tugged at sufficient consciences to put Mr Larry Grossman's Conservatives on the defensive.

Canada's Loonie saves money for the mint

BY DAVID OWEN IN TORONTO

FEW GOVERNMENT-ordained actions offend the sensibilities of the public like tinkering with the legal tender, particularly when substituting coinage for banknotes.

The positively hostile reaction to the US Mint's ill-fated Susan B. Anthony dollar is one example of the antipathy which such innovations can generate. Another is the grudging acceptance in Britain of the Royal Mint's £1 coin, introduced in 1983.

Thus the enthusiastic welcome accorded Canada's new C$1 coin represents something of a coup for the Royal Canadian Mint. "The coin seems to have been received with warmth by Canadians across the country", purrs one satisfied mint official.

Some 68m of the coins went into circulation early in July. But as many as 25m or 37 per cent of the initial batch have been scooped up by hoarders, according to some estimates – at a profit of 88 cents per unit to the government.

The eleven sided coins, which measure 26.5mm in diameter and weigh 7 grammes, cost about 12 cents each to produce.

Major retailing outlets, like the department store, Eaton's and the Canadian Tire car accessories chain, say customers are specifically requesting the coins in their change. Meanwhile enthusiastic tourists are reported to be visiting the mint's Ottawa headquarters in unprecedented droves.

Indeed, such is the public's affection for this new addition to their purses that they have already coined a nickname for it: "the Loonie" – a tender if unflattering reference to the Great Northern Diver or Common Loon depicted on its obverse face.

Ironically, the coin was originally going to feature not a bird but a band of voyageur canoeists. However, during its journey from Ottawa to Winnipeg to be minted, the original die mysteriously disappeared. The mint was forced to plump for its second choice – the Loon – the work of one Robert-Ralph Carmichael.

The introduction of a C$1 coin in Canada has been discussed in various quarters since the mid-1970s mainly for economic reasons. The Loonie's longevity, compared with the fleeting nine-months life expectancy of the average banknote, spells a potential saving to Ottawa of more than C$175m.

About 450m of the bronze-coloured coins, which are made from copper, nickel and scrap tin, are expected to be in use by the time the Canadian dollar bill is phased out at the end of 1989.

Banks fear Argentina's debt stance may harden

By Tim Coone in Buenos Aires

POLITICAL and economic pressures continued to mount on President Raul Alfonsin of Argentina yesterday. Demands from within his party and from opposition Peronists to accept the resignation of Mr Juan Sourouille, Economy Minister, and change economic policy have been counterbalanced by foreign bankers who fear a hardening of Argentina's stance on foreign debt negotiations.

The lack of definition of the Government's economic policy has continued to upset local financial markets. The austral dropped a further 4 per cent against the dollar on the parallel market, making a total fall of almost 10 per cent since the reverse suffered by the ruling Radical party in Sunday's mid-term elections.

The gap between parallel and official exchange rates is now 44 per cent, the highest since the introduction of the Austral Plan in 1985.

Unregulated interest rates continued to rise in an attempt by banks to prevent deposits being attracted to operations in foreign exchange and dollar-linked bonds, while local stock market values also fell at the beginning of the week.

FINANCIAL SCANDAL EXPECTED TO SPREAD

Tough times for Texan thrifts

BY CYNTHIA WILLIAMS IN DALLAS

TEXAS SAVINGS associations face a deepening financial crisis which not only threatens to wreak havoc in the Lone Star State and elsewhere but has also become the focus of the largest Federal taskforce ever to investigate white collar crime in the US.

The scandal in the state's already crippled savings and loan industry follows record foreclosures because of falling oil and property prices. Trouble in the oil patch has already claimed the fortunes of scores of once prosperous Texas businessmen, such as former governor John Connally and the Hunt brothers of Dallas, who filed for bankruptcy this summer.

Federal plans for a restructuring of the state's beleaguered thrift industry come at a time when bankcruptcies and bank failures in Texas are also at an all time high.

Grand jury subpoenas have been issued to 400 people in Texas involved in savings and loan operations, property sales and development, and investment. Many prominent businessmen and officials, such as Mr Linton L. Bowman III, the state savings and loan commissioner, and Mr Connally, are included in the investigation.

Grand jury subpoenas have been issued to 400 people in Texas involved in savings and loan operations, property sales and development, and investment. Many prominent businessmen and officials are included in the investigation, which comes at a time when bankruptcies and bank failures in the state are at an all time high.

"What we have here are allegations or indications of criminality," said Mr Anthony Adamski, chief of the financial crime unit of the Federal Bureau of Investigation. Six Justice Department lawyers, 19 special FBI agents, a supervisory agent and an 18-person support staff will investigate Savings and Loans (S&Ls), executives and customers.

Federal investigators are to search bank records for evidence of land sales and other deals that may reveal "a network" of thrift officials and borrowers who violated Federal banking laws by conspiring to make illegal profits.

Officials in Washington expect the investigation to take two or three years and extend beyond the state's borders. In recent weeks a Federal grand jury has issued subpoenas involving 30 S&Ls and seeking the financial records of about 290 past and present thrift managers and borrowers.

The Texas investigation will include insider abuse, loan fraud and frandulent "land slips" involving multiple sales among a small circle of people.

Meanwhile, other Federal regulators are scrambling to halt the haemorrhaging of losses at savingsassociations that are beyond rescue. The Federal Home Lone Bank Board estimates that 400 to 500 of the nation's 3,200 S&Ls will require financial assistance from the Federal Savings and Loan Insurance Corporation, and that 25 per cent of the depleted institutions are in Texas.

Remarks by Mr William Clements, the Texas governor, accusing the Federal government of committing "an absolute fraud on the general public" and questioning the government's commitment to fully backed deposits touched off a run of withdrawals at some Texas thrifts last month.

The financial crisis in Texas is causing problems for thrifts in other states which were enticed into heavy loan participation during the state's property boom.

Data from Ferguson & Co, a Dallas consulting firm, shows that Texas S&Ls issued about $25bn in loan participations to thrifts in other states between 1984 and 1986.

"The impact will be deeply felt outside Texas," said Mr Roy Green, outgoing president of the Federal Home Loan Bank of Dallas. "There were a lot of secondary sales of loans to institutions around the country."

Death of minister brings setback for Brazil land reform

BY OUR SAO PAULO CORRESPONDENT

BRAZIL'S Minister of Agrarian Reform and Development, Mr Marcos Freire, died late on Tuesday when a Brazilian Air Force Hawker Siddeley HS125/100 exploded seconds after take-off from Carajas, in the central Amazon region, en route to Brasilia, creating yet another setback for land reform.

Mr Freire had spent the day visiting an agro-industrial project in Northern Para and a private agrarian settlement developed by Andrade Gutierrez, a major construction company, that is negotiating its sale to the Government. The president of Incra, the Government's land reform agency, and other ministerial officials accompanied the minister and are also presumed dead.

Mr Marcos Freire, 56, who left the presidency of the Caixa Economica Federal, a federal savings institution, just three months ago to resume the ministerial position, had managed to establish a reputation for willingness to talk with landowners, rural workers and the Catholic Church over the contentious issue of agrarian reform.

Since President Jose Sarney took office two and a half years ago, three ministers of agrarian reform have tried to tackle the ambitious goal to settle 7.1m families on farms by the year 2000. They have all had to contend with little funding, slow bureaucratic and judicial procedures and have come up against entrenched landowners and invasions by landless migrants.

Father Ricardo Resende, a Catholic priest, working with rural workers and landless farmers in the south of Para, said that more than four times the number of farms had been distributed under the last military president than under this government, whose political priorities lie elsewhere. In this area, known for its land conflicts and deaths, three farms have been expropriated to settle 560 farmers in the last two years.

Mr Freire, a popular politician from the north-eastern state of Pernambuco, with a long history on the opposition during the 21 years of military government, was perceived as making some headway in a difficult position.

WORLD TRADE NEWS

UK group in running for N Zealand and Australian navy frigate order

YARROWS Shipbuilding of the UK, part of the General Electric group, was yesterday named as one of three groups shortlisted to design and help build a fleet of 12 new light patrol frigates for Australia and New Zealand.

The other two bidders for the estimated A$5bn contract, part of a major naval procurement programme, are also European: Blohm and Voss of West Germany, and Royal Schelde of the Netherlands.

The selection was announced in Wellington yesterday by Mr Kim Beazley, Australia's Defence Minister, and Mr Bob Tizard, his New Zealand counterpart. The project, they said, would be called the "ANZAC ship project" in recognition of the ties between the two countries and their armed forces.

Australia is to purchase eight frigates, New Zealand four. Delivery is scheduled to begin in the early 1990s, when the Australian navy is also due to have in service six new diesel-electric submarines, worth A$4bn.

Yesterday's announcement is a bitter disappointment for Vosper Thorneycroft of the UK and Pronav of France, two other favourites among the total of 19 companies which responded to the request for proposals made at the beginning of the year.

Vospers was offering a modernised Leander-class frigate, and hoped the Australian Navy's familiarity with the Leander would overcome a technical complication—namely that the design was not for a ship already "in the water."

The company failed, but it appears that all three of those finally selected had some sort of proposal, for example, though based on its Type-23 vessel, was shorter and of lighter displacement than the ships built for the Royal Navy.

A spokesman for Mr Beazley said yesterday that the proposals from the other two groups also involved "substantial modifications of existing standard ships"—the Meko 200 PN in the case of Blohm and Voss, and the M-class design for Royal Schelde.

The three companies must now firm up their designs and costings over the next three months. At the same time a list of Australian prime contractors is to be finalised before tenders are called by March next year.

"We are looking for consortia which have the technical, managerial and financial skills to complete the detailed design of the New Surface Combatant, and to construct the ships," the two ministers said in a joint communique.

They said they had also agreed the details under which the two countries would work together to "ensure maximum participation by New Zealand and Australian industry on the project."

STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE REPORT

Middlemen make arms trade dirtier

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

SALESMANSHIP IN the world arms trade is getting dirtier as the growing number of weapon producers and exporters chase a stagnating level of business.

This is a key conclusion in the latest arms yearbook published today by the Stockholm International Peace Research *Institute (Sipri). It aptly* coincides with the latest allegations of scandal in the arms trade involving a prominent *Italian businessman and the* clandestine shipment to Iran of mines via a myriad of cover companies.

Illustrating its claim that "the use of private arms dealers, obscure shipping lines, middlemen and false end-use certificates" have become prevalent throughout the arms market, the Sipri report cites three of the best-known recent cases.

They are the secret White House sale of arms to Iran, the *apparent transfer by employ*ees of the HDW shipyard and IKL engineering bureau in West Germany of submarine *blueprints to South Africa in* contravention of a United Nations embargo, and the alleged smuggling of arms and explosives to various countries in the Middle East by Bofors of Sweden.

DELIVERIES OF MAJOR WEAPONS (in $m at constant 1985 prices)

	1985	1986
US	9,104	10,462
Soviet Union	11,134	9,881
France	4,170	4,196
Britain	1,777	1,947
China	863	1,208
West Germany	942	670
Third World	740	772
Italy	551	327
Others	938	1,797
TOTAL	30,219	31,460

Source: Sipri 1987

Sipri says that the bulk of arms exports—around $30bn a year in terms of major weapon systems—are still negotiated by governments. But it believes commercial aspirations and political considerations are increasingly pulling in opposite directions. Many governments now have less money to place orders *with their own domestic arms* industries, but remain keen to protect these industries by promoting their exports.

The largely international staff of Sipri is often seen by the arms industry as being embued with a heavy dose of Scandinavian moralism. None the less the Swedish-based institute provides one of the most up-to-date and least politically-motivated monitoring services in this shadowy area of the world economy.

Exports of major weapons remained steady last year at the level of the early 1980s, but the direction of the flows have begun to change, according to Sipri. The superpowers continue to dominate the business overall, but they have tended to sell relatively more to their allies in Nato and the Warsaw Pact who in turn have sold more to the Third World.

> The use of private arms dealers, obscure shipping lines, middlemen and false end-use certificates have become prevalent in the world arms market

Sipri figures chart actual deliveries rather than orders, and thus last year rates the top exporters as the US, the Soviet Union, France and the UK, in that order. This pattern of deliveries is likely to change this year or next, because Britain won, on behalf of itself and its partners in the Tornado project, a £3bn Saudi Arabian order in the same year, 1986, that French exports fell by nearly half from 1985.

The current buyer's market, Sipri says, tends to place the US and the Soviet Union at some disadvantage against suppliers "less concerned with political factors and fear of unauthorised high technology transfer than are the superpowers." China, too, is coming to fill the previous Soviet niche in supplying cheap, functional weaponry. Outside Nato, the Warsaw Pact and China, *the* leading exporters are Brazil and Israel, which accounted for nearly half of all remaining sales in 1982-86.

● *Sipri Yearbook 1987: World Armaments and Disarmament, Oxford University Press, £32.50.*

EC begins talks over surge in Turkish acrylic imports

BY ALICE RAWSTHORN

THE EUROPEAN Commission *yesterday began talks* with the Turkish Government over the escalation in imports of acrylic yarn from Turkey into Europe.

In the past two years imports of Turkish yarn to Europe have increased dramatically. The intervention of the Com*mission follows months* of lobbying from the European textile industry, which has argued for the imposition of *quotas to regulate the influx of* acrylic yarn from Turkey.

Until two years ago Turkey produced relatively little acrylic yarn for overseas markets. In Britain, for example, the total imports of Turkish acrylic yarn amounted to just 45 tonnes in 1984. By last year imports had risen to 3,227 tonnes, or 6.5 per cent of the acrylic yarn market. In the first half of this year 2,219 tonnes of Turkish yarn arrived in Britain.

This surge poses a dual problem for British producers, which supply 50 per cent of the market. First, the influx of Turkish imports absorbs much of their growth potential, the British acrylic yarn market has recovered in recent years following a severe slump at the turn of the decade.

Second, the price of the imports — which sell for 270p a kilo compared with a market average of 350p to 400p a kilo — is artificially depressing acrylic yarn prices.

These problems have been replicated in other European markets, where producers have experienced a similar surge. The spinning industries in France, Italy and West Germany have all complained to the commission about the influx of imports.

Mr Anthony Turner, joint managing director of Benson Turner, one of the largest *British spinners,* and vice-president of Interlaine, which represents the European wool textile industry, said that the *escalation of cheap Turkish im*ports represented a "severe blow" to acrylic yarn spinners and jeopardised the industry's *investment in new plant.*

In recent years the Turkish textile industry has emerged as an increasingly important force *in the world textile mar*ket. The surge of acrylic yarn imports is the latest in a line of similar import increases of different textile products.

The European cotton spinning industry is similarly concerned about an increase in imports from Turkey, and *from* South Korea and Mexico.

Ankara to co-manufacture 700 military helicopters

BY DAVID BARCHARD IN ANKARA

TURKEY is expected soon to invite bids for the largest-ever tender in its history, a $5.5bn contract to co-manufacture an initial 700 military helicopters.

Models being considered by the Turkish Government are said to include Sikorsky's *H-76*, Bell's *B-222*, among US manufacturers, and MBB of West Germany's B-109 or B111.

The project is likely to depend on Turkey receiving a substantial amount of additional military aid. However, a final go-ahead may now be delayed until after the Turkish elections in early November. The investment would represent about 10 per cent of Turkey's GNP and the decision to go ahead with such an expen*sive project is likely to raise* eyebrows in some circles.

The Government says that initial technical studies for the project have been completed and that a site at Murted near Ankara *has* been earmarked for it.

This is beside an existing plant where General Dynamics of the United States is co-manufacturing F-16 fighter jets in a joint venture with Tusas, Turkey's *military* aerospace corporation.

The contract with General Dynamics, signed in 1983, was for $4.1bn, much of it coming from United States aid to Turkey.

Turkey took delivery of an initial half-dozen F-16 fighters this autumn, and work at the plant where others will be assembled and eventually co-*manufactured is said to* be going much better than sceptics thought possible.

Japanese request delay to EC dumping inquiry

By William Dawkins in Brussels

FIVE JAPANESE typewriter exporters are to ask the European Commission in the next few days to delay an inquiry *into* alleged dumping of components in the EC.

Lawyers representing the companies involved staged an emergency meeting in Brussels earlier this week, where they agreed they had little chance of meeting the Commission's September 23 deadline for putting their side of the argument. They must be at the European Court of Justice in Luxembourg on the same day, to open a separate appeal against anti-dumping duties already levied *on imports of* assembled typewriters—and not even Japanese lawyers can be in two places at once, they point out.

The lawyers, representing Brother, Canon, Sharp, TEC Tokyo Electric (a Toshiba subsidiary) and Silver Seiko, however, suspect the Commission of trying to make their defence unnecessarily difficult in what will be an important test case for any non-EC company with manufacturing plants in the Community. They claim the Brussels authorities have set an unreasonably short time to respond to a case which was only opened at the beginning of this month.

The components inquiry is the first time the Commission has used a tough new trade law intended to stop exporters from circumventing anti-dumping duties on assembled products by setting up low-cost assembly plants inside the EC, largely supplied with dumped components.

All the typewriter companies are already paying anti-dumping levies of 21 to 35 per cent on assembled imports, and may end up paying similar fines on components *shipped to* EC plants.

A senior Commission official said the Japanese had not *asked for a delay, but that if* the request was "well founded" an extension would be granted.

The deadline for a response *was shorter* than in conventional anti-dumping inquiries because the information needed was less elaborate, he added.

De Clercq warns of 'dangerous' protectionist laws

Trade protectionism is potentially as dangerous as the wave of restrictive trade laws in the 1930s which contributed to the start of World War Two, Mr Willy De Clercq, European Community *external trade chief said* yesterday, Reuter reports from Tokyo.

"Let me assure you that the *fallout* from a wave of protectionism would also be a global event," he told an EC-Japan conference at the feet of Mount Fuji, near Tokyo.

"Do not forget, protectionism and unemployment, which went hand in hand during the Thirties, contributed substantially to the *destabilisation of* Europe, and to the outbreak of the war," he said.

Mr De Clercq said the ugly, protectionist mood in the US Congress, directed largely at Japan's trade surpluses, threatened to create a *whirlpol of economic* and political disasters.

However, Mr Shizuma Kojima, Japan's Vice-Mini*ster for International Trade* and Industry, citing a falling Japanese trade surplus since May this year, rejected the *suggestion that Japan* was still dragging its feet as a member of the international community.

"Japan is undergoing a transformation into a domestic demand economy," he said.

Mr Kojima said opinion in the US and Europe often overlooked the positive side, such as increased Japanese development aid, Japanese tariffs, which were some of the lowest in the world, and the many success stories of foreign firms in Japan.

Mr de Clercq added: "If in the US the camp of trigger-happy protectionists *succeed in pushing* through the draconian measures they are clamouring for, then quite obviously such measures *would fall most heavily on* Japan."

An even bigger wave of Japanese exports, blocked out *of the US market, would then* descend on the Community, and whip up a storm of protectionism there, he said.

Indonesia acts on piracy

THE INDONESIAN parliament, facing mounting international pressure, passed tough new laws yesterday to curb the country's huge copyright piracy industry, Reuter reports from Jakarta.

The new law provides copyright protection to foreign films, music, books, computer software, paintings, cultural performances, architectural designs and other materials. The old law protected only locally published works.

It also raises the maximum sentence for copyright pirates from three to seven years in jail, and quadruples the possible fine to $60,000 from $15,000.

Book and song piracy is pervasive in Indonesia, and bootleg tape cassettes have become a thriving source of exports.

UK NEWS – THE TUC AT BLACKPOOL

Fresh view on share ownership urged

Reports by Philip Bassett, David Brindle, Charles Leadbeater, Jimmy Burns and John Gapper
Pictures: Alan Harper

TRADE UNIONS yesterday took their first step towards accepting the spread of individual share ownership when the Trades Union Congress at Blackpool voted to seek the extension of new forms of "social ownership."

Although delegates maintained their opposition to the Government's privatisation programme, they also supported a review of policy over the next year which will examine ideas such as employee share ownership schemes.

A composite motion "recognising the need" to take account of the growth in individual and worker share ownership schemes was passed, despite being opposed by a significant minority of delegates.

Mr Alan Tuffin, general secretary of the Union of Communication Workers, led the call for a change of thinking, arguing that it was ludicrous to expect new share owners to support a compulsory renationalisation by a future Labour government.

He said such a policy was "unimaginative and unpopular, if not unworkable," and congress needed instead to develop a policy which would support not the clawing back of share ownership, but its extension.

He added that 20 per cent of British adults were now shareholders and: "The plain fact of the matter is that despite our opposition to the sales of public assets, they have continued and, yes, they have been popular."

The idea of a review by the general council so that it can prepare a statement for next year's congress was seconded by Mr John Golding, general secretary of the National Communications Union.

Mr Golding said that congress should seek an end to privatisation and press for British Telecom to be renationalised to ensure a centrally-planned communications strategy for Britain.

The argument that individual share ownership gave workers greater control of their own companies had been demonstrated to be false by the workings of such a scheme within British Telecom, he added.

Rodney Bickerstaffe of Nupe and Ken Gill of Tass at the conference.

A second composite motion instructing the general council to initiate a publicity campaign opposing further privatisation of local and central government services was passed unanimously after a speech in its favour by Mr Norman Willis, TUC general secretary.

Mr Willis said that the Government's attacks on "virtually every public service imaginable" was not just a case of "selling the family silver," but of selling the family home and "every stick of furniture."

He said the Local Government Bill's outlawing of contract compliance provision on companies employed to provide services to local authorities would mean benefits only for "cheapskate, safety-cutting, tax-dodging employers."

Delegates unanimously supported a wide-ranging motion which condemned the Government's privatisation programme, including sales of publicly owned industries, compulsory competitive tendering for local authorities, and the contracting-out of work.

The TUC will launch an anti-privatisation campaign to defend services provided by local authorities. A central campaign team will commission opinion poll research on privatisation and promote high-quality public services. The motion accepted that there was a need to make public services more responsive and less monolithic to win public support.

Thorough overhaul of economic aims urged

MR RODNEY BICKERSTAFFE, leader of Nupe, the public services union, and chair of the TUC's economic policy committee yesterday signalled the need for a thorough overhaul of the labour movement's economic policies.

Speaking at the opening of a debate on economic policy, he said "There is no point in educating and campaigning for the 1990s on outdated policies. We have to develop policies for the 1990s."

He acknowledged that the Government's policies had led to a rise in living standards for those in work, a strengthened economy in parts, and an increase in profitability.

"We badly need profitable companies, but the Government does not tell us about the relentless rise in imports, and the pensioners, young people, and others who have not shared in the economic benefits.

The economic growth promoted by the Government was built on shifting sands, he said. In contrast the unions wanted to see economic policies which would provide real foundations for growth based on investment in new technology and skills.

Delegates went on to support an amendment on unemployment submitted by the National Union of Mineworkers, which called for the elimination of overtime, cuts in working time, and early retirement, combined with the defence of established working practices, as a strategy to help defeat unemployment. A large number of delegates abstained, according to the congress chairman.

The debate provoked sharp exchanges between Mr Arthur Scargill, NUM president, and Mr Bill Jordan, the moderate leader of the AEU engineering union, which had moved the substantive motion.

Mr Scargill, told delegates that "the promised land lay over Jordan." Mr Jordan rebuked him. "You may be the only one in this hall who can walk on water Arthur but most of us cannot. You are not greater than your members."

Mr Jordan accused Mr Scargill of living in history. He added: "But our members cannot afford to because their jobs depend on it." The unions need members with jobs rather than union leaders with medals, he said.

Mr Jordan said unions had to consider the introduction of flexible working practices to raise competitiveness because without them jobs would be undermined by import penetration.

NO 21—8/8¼

Mr Bickerstaffe said that in spite of the policy outlined in the moton it would be up to individual unions to consider how to approach negotiations over flexible working practices.

Congress unanimously approved a motion condemning moves to break up national pay bargaining arrangements.

No palantype link

PALANTYPE Reporting Services and Palantype Transcription have asked us to point out they have no responsibility for the equipment referred to in Tuesday's report from congress.

Edmonds says talk more to members less to ministers

TRADE UNIONS need a change of balance in their operations—talking less to Ministers, and more to their members, Mr John Edmonds, general secretary of the GMB general union, said yesterday.

The GMB wants to see unions abandoning the pretence of talking to a Government that will not listen to it, and instead to concentrate their resources on areas of work that would be more helpful to union recruitment. Though the union agreed to remit its resolution to the TUC's review of union organisation, the issues it raises are important.

In a highly-regarded speech, Mr Edmonds made a strong plea for union representativeness in the face of a Government indifferent or hostile to trade unionism. The Conservatives had won the crucial economic debate three times in successive general elections.

He said: "Why should the Government take us seriously? We claim to speak for over 9m but we can't get much more than 5m to vote for the party that supports our policies. We try to convince the Government. But we haven't yet convinced our members."

Labour and the unions wanted a better health service, pensions and education — but union members did not know where the money was coming from to finance it.

The unions wanted the regeneration of manufacturing industry, but union members doubt that closed factories will ever re-open. The unions wanted more public spending, but members thought that this would simply mean higher taxes.

He said: "Something strange has happened to us. For 20 years, general secretaries have walked the corridors of power. But somewhere, in the excitement, we have forgotten the lesson that we teach to every shop steward on their first training course: trade union power is based on the united support of the members. You have to convince the members before you can convince anyone else."

He called for a change of balance in union work — "less policy making, and more policy explaing," less detail and more concern for the concept, and most of all "less talking to Ministers and more talking to members."

He said that after the comfortable years for the unions, this would be a big change, and would make some people hesitate. But he warned: "We don't have much choice. And we don't have much time.

"We can revive our influence. We can convince first our members, and then the public, and then the Government that we are not some motley crowd of amateur lobbyists, but that our policies genuinely express the needs and aspirations of the working people of Britain."

John Edmonds: concentrate on work to increase union recruitment.

Support for protection of manufacturing industry

DELEGATES backed a call for the protection of all sectors of British manufacturing industry after being told that to rely on service industry growth was to encourage a "low growth and low economy."

Mr Roy Grantham, general secretary of the white collar union Apex, said that if the decline of manufacturing industry was allowed to continue, the country would be unable to generate a sufficiently high level of wealth.

He said that the unions should press for Government backing for industries in which workers were employed full-time rather than encouraging part-time workers in fast food stores.

Mr Grantham was supported by Mrs Barbara Switzer, deputy general secretary of the manufacturing union Tass, who said that congress should press for parts of manufacturing industry to be taken into public ownership.

The motion—calling for a campaign to ensure protection and to raise public awareness of the crucial role of manufacturing in the economy—was passed overwhelmingly.

It reaffirmed congress's commitment to manufacturing as the pre-condition for Britain to compete effectively in world markets and blamed the decline of employment in the sector on government policy.

Charles Leadbeater looks at the steady growth in employee share ownership

Workers who flock to become little capitalists

THE UNIONS are only slowly coming to terms with the effects of share ownership growth on, the political orientation and financial aspirations of their members, the political climate and partcularly the labour movements plans on social ownership, and increasingly the conduct of collective bargaining.

Two types of share ownership primarily affect the unions. First, the Government's privatisation programme in which millions of small shareholders have been rallied behind the dismemberment of many of the *big corporations of the mixed* economy.

A recent survey by the union-backed Labour Research department found that the 13 share sales in nine companies had initially attracted about 7.5m small shareholders, declining to 5.6m this year.

Secondly employee shareownership has also grown strongly. *The Stock Exchange* reported in March that about 1.5m people owned shares in companies they worked for.

The extent of share ownership among trade unionists is harder to gauge. If it matches the proportion of the workforce in unions, the number of trade unionist shareholders would be between three to four millions. More than 90 per cent of the national Communications Union's 130,000 members in British Telecom, for instance, took up free share offers, and 80 per cent took advantages of discounts to boost their holdings.

The unions' recruiting base, *the skilled and unskilled work*ing class, has been the main source for new shareholders. About 40 per cent of shareholders in privatised companies come from social classes, C2, D, and E. Overall the proportion of shareholders drawn from social classes C2, and C1, has grown from 38 per cent in the early 1980s to 60 per cent this year.

The union heartlands of Scotland, the North, the Midlands have played their part in the surge towards sharebuying along with the South-east, according to a recent survey by Dewe Rogerson, the public relations company, which found an even spread throughout the country.

The growth of individual shareownership has set up a number of dilemmas for the unions.

For many union leaders, particularly from the left, shareownership is a means to incorporate workers more fully into the capitalist enterprise, while *real financial power remains* outside their hands. While the number of individual shareholders has grown enormously, this has done little to stem the decline in the value of share capital owned by individuals. Big financial institutions still control most of the share capital on the stock exchange.

At the grass roots of collective *bargaining* employee shareownership is part of the drift towards profit, and performance related pay, often resisted by unions. Share options are also an important tool in promoting employee involvement, to enhance commitment to a company.

Put simply they argue that it is sometimes in a shareholder's interest to make workers redundant to boost profits. It is never in a worker's interest to do that. The promotion of worker shareholding is merely a ploy to make it easier for managers to run businesses.

While Mr John Edmonds, leader of the GMB general union, is more pragmatic but still sceptical about the significance of employee shareownership.

However much workers like shares, they are not so easily convinced that they can entirely trust their employers, he says. While personal shareownership is widely spread, it is very thin.

Nevertheless, with further privatisation issues on the way, and more companies turning to share options to involve, and motivate their employees, individual shareownership will increasingly contribute to the background for collective bargaining.

This may be particularly so in securely profitable companies, in which employees would be happy to have a stake, and in smaller companies where employees may be one source of growth capital.

The unions are just beginning to respond, by exploring the opportunities offered by employee shareownership.

The growth of Unity Trust, the trade union bank, will provide unions with financial advice to organise their activities in this area. The most notable initiative was to encourage employees of British Airways during the recent privatisation issue, to hand over their votes as shareholders to *their unions so they aggregated* to be used more effectively.

Education reform plan attacked

DELEGATES unanimously backed the co-ordination of a campaign of opposition to key aspects of the Government's proposals on education reform.

Two proposals were singled out as having the alleged potential to lower standards, undermine teacher morale, and deepen social divisions: the imposition of a national curriculum and the right of schools to opt out of local authority control.

Speakers also rounded on plans to test pupils at the ages of 7, 11, and 14. They argued that this would lead, in combination with other government policies, to the reintroduction of selection and a two-tier system of education.

Mr Ian Morgan, National Union of Teachers president, said there was "little wrong" with the notion of a common curriculum. But he claimed the proper consultation and vastly increased resources needed to make it effective were *impossible dreams.*

He accused the government of manipulating the education service as a "tool for humiliating and disabling" local authorities.

Ms Diana Warwick, general secretary of the Association of University Teachers, criticised attempts by the Government to increase centralised control of *higher education.*

She argued that a "rigid hierarchy" would undermine the capacity for originality in educational establishments and lead to a collapse of morale.

Opening the separate debate on education and training, Mr Norman Willis, TUC general secretary, said that the Government had understood that education was a vitally important issue to ordinary people.

But he added: "What the Government is not responding to is that we have to raise standards generally not just to accommodate the better-off and the more pushy," not just the academically gifted and the most concerned parents.

Stern headmaster chides morning assembly

DURING the tedium of a congress debate, a sign by one exit from the Blackpool *Winter Gardens hall beckons* encouragingly. "This is your free entrance to the Wonderful World of Entertainment," it promises.

Dr Peabody's Play Palace lies on the other side, full of giant inflatables on which children can bounce around while the adults have fun bouncing the congress agenda back in the hall. Here too are interesting symbols of the wonderful world of work.

This way to the "Peabody building site," where the kiddies can throw coloured building blocks around in direct contravention of health and safety regulations. But the site is empty: the job must have been farmed out to self-employed sub-contractors.

Here is the Peabody slide —obviously modelled closely on union membership figures —and just round the corner is a rather odd machine which seems to have been welded together from several others and which everyone is ignoring. Perhaps it is the Peabody composite motion machine.

Over there is a burger bar, run by a young woman who is the perfect target for the recruitment campaigns everyone is talking about in the hall — female, hourly-paid, working in catering. No, she is not in a union. Actually, she has never been approached to join one.

But children are now on the congress agenda, and *Fred Jarvis* has taken on the role of the stern headmaster forced to admonish morning assembly. There has been too much talking in class, he warns, as the other masters on the platform nod gravely.

The education and training debate is about to begin, and look — someone has kindly donated a prize for the best speaker. A highly polished statuette of the kind awarded to promising junior golfers stands at Fred's right hand, glinting under the lights.

A well-informed and reasoned discussion proceeds — taking in such topics as the "Monty Sorry" schools, the problems of "young tray niece" and the need to offer "free dums in later life" to youngsters who cannot yet afford them.

All speeches continue to be reported in newspeak via a television screen linked to a computer and shorthand *typewriter for the benefit of* deaf delegates.

On the platform, the headmaster has had the novel idea of getting famous characters from literature to contribute their thoughts, and first up is Tom Sawyer to tell us about "clap sing services." For some reason, he opposes such innocent entertainment.

Out side the hall, the fun goes on regardless in the enertainment arcade—where a machine with a yellow flashing light on top is giving free advice to congress. "Change," it says bluntly. That's what they're trying to do, you idiot.

John Gapper

Campaign against books VAT

*THE TUC is to mount a cam*paign against the imposition of value-added tax on books, periodicals, and newspapers, which union leaders warned would lead to the loss of about 10,000 jobs in the industry.

Ms Brenda Dean, the leader of the print union Sogat '82, said the Government was considering falling in line with *European Community policy* to harmonise indirect taxation.

This could lead to printed matter being exempted from VAT, or subjected to a tax of up to 15 per cent. Books, periodicals, and newspapers are zero-rated for VAT at present.

Ms Dean warned that the imposition of VAT would further hinder the international competitiveness of the British print industry and lead to job losses particularly among small companies. A tax of 15 per cent would lead to a 14 per cent fall in demand, she said.

It would amount to a tax on knowledge and the Government should veto the proposed harmonisation legislation, she told congress.

OTHER LABOUR NEWS

Unity Trust unveils new range of services

BY PHILIP BASSETT, LABOUR EDITOR

UNITY TRUST, the trade union bank, yesterday launched a series of initiatives aimed at offering a wide range of financial benefits to union members in a move which will be seen as a further step towards more market-based trade unionism.

Though many of the services either duplicate or compete directly with those run by or offered to unions currently, the unions as major shareholders in Unity Trust will eventually benefit from its financial success.

The range of services launched yesterday at a special presentation in Blackpool for the TUC General Council includes:

● Pensions. Though Unity Trust is advising union members where possible to remain in occupational schemes, it is offering with Colonial Mutual a fully portable personal scheme. No commissions will be paid, allowing maximum benefits.

● Insurance. Unity Insurance, a 50-50 venture between the institution and MAI to offer insurance services, aimed at particular occupational groups among union members such as lorry drivers or farmworkers.

● Investment management. Unity Investment Management, a wholly-owned subsidiary, will advise unions on their portfolios, probably starting with the TUC's own staff pension fund.

● Balloting. Through Security Balloting Services, Unity Trust is offering a fixed cost balloting service to unions.

● Communications. The institution is setting up with the Epic communications company Unity Communications to co-ordinate and conduct union communications, and carry out membership opinion and attitude surveys.

Mr Terry Thomas, Unity Trust managing director, said the initatives were "a great first step in serving 9m trade unionists." He stressed that the services would give unions real financial and operational control.

The institution is likely by the beginning of next year to start calling itself a bank, probably under the name of Unity Trust Bank.

Currently, two-thirds of its 58 shareholder unions place their funds with Unity Trust at national, regional and increasingly at branch level.

The institution said yesterday it currently had assets in excess of £60m, and had just declared a first-half profit of £350,000, compared with £320,000 for the whole of last year.

A STAFF appointment by Unity Trust has cleared the way for Militant Tendency to strengthen its control over the CPSA civil servants' union, write David Brindle.

Ms Jane Hustwit, the CPSA's national organiser, is to leave the union to take up a senior post with Unity Communications, one of Unity Trust's new subsidiaries.

Her departure leaves a key vacancy in the CPSA which the union's controlling and Militant-led Broad Left faction is expected to fill with one of its supporters.

The national organiser instigates and co-ordinates CPSA activities at local level. Ms Hustwit has not been active in any of the union's warring political groups.

The CPSA national executive committee's Broad Left majority recently appointed two leading supporters, Mr Frank Bonner and Mr Eddie Spence, to assistant secretary posts.

They will side with Mr John Macreadie, deputy general secretary, and Mr Terry Adams, another assistant secretary. Opponents of Broad Left fear an exodus of other officials

Controversy at birth of nursing magazine

BY OUR LABOUR STAFF

THE Royal College of Nursing, the biggest union not belonging to the TUC, yesterday published the first issue of what it says will be the first union-financed magazine to be on general sale through newsagents.

But the weekly magazine, Nursing Standard, ran into immediate controversy over the degree of independence of its editorial stance.

The RCN *has* invested £1.3m in the magazine and has set up a wholly-owned subsidiary company, Scutari Projects, to run it from offices separate from the union's.

The magazine, which will compete with the established Nursing Times, replaces the RCN's internal weekly newspaper. The first three issues are being sent free to the union's 262,000 members.

From September 30, however, the magazine will cost 55p a week for both union members and the general public.

The first issue — 56 pages plus 44 pages of recruitment advertisements — does not declare any link with the RCN although Mr Trevor Clay, union general secretary, says *in an insert that it is "our"* magazine.

There is a page of "RCN news," but many other news stories and articles also refer to the RCN or carry comment from it. There is no apparent reference in the magazine to any other union.

Ms Judith Carter, nursing and midwives' negotiator for Cohse, the TUC-affiliated health workers' union, said yesterday: "This is going to have no credibility with nurses who are being asked to believe it is an independent magazine."

Cohse says it was approached repeatedly to suggest stories

Mr Steve Weaving, the magazine's editor, said it was "unfortunate" that the RCN was the only union mentioned in the first issue. It was the general intention to include nursing stories on their merits. for Nursing Standan

Mr Weaving declared: "The real test is going to come on September 30 when we go on sale. We are not going to have our hands tied by the college."

Special rise for London councils staff opposed

BY DAVID BRINDLE, LABOUR CORRESPONDENT

A REPORT by employers on recruitment and retention problems in local government has come out against any substantial increase in London allowances or introduction of a special pay premium for the whole of the south-east.

The report says problems are limited to certain professional occupations and are best dealt with by individual local authorities on a piecemeal basis.

The findings and recommendations are likely to act as a brake on the trend—set by the banks—of large rises in London weighting allowances and payment of a separate allowance for workers in the south-east outside the capital.

The report, prepared for the Local Authorities Conditions of Service Advisory Board, is not expected to be published in full before the end of October.

However, a summary has been prepared in advance of negotiations next week on London and London fringe allowances for local authority white-collar staff. Nalgo, the white-collar union, is seeking large increases.

The summary says that, on the basis of returns from 42 per cent of councils in England and Wales, overall turnover rates for white-collar staff are about 15 per cent—17 per cent in London and 16 per cent in the rest of the south-east and "give little cause for concern."

Recruitment problems were found to be concentrated in the south-east affecting in particular social work and occupational therapy (49 per cent of all councils reporting difficulties), finance (41 per cent), computing (38 per cent), trading standards (37 per cent), environmental health (30 per cent) and legal (25 per cent).

The report cites high house prices in the south-east as a cause of difficulties, but advocates selective recruitment incentives from authorities such as car leasing, enhanced relocation packages and mortgage subsidies.

It says that any large across-the-board increase in London or fringe allowances would be inappropriate as "it would seem unreasonable to compensate all employees in London in an attempt to deal with the difficulties of the few."

At present, allowances in local government range from an inner London payment of £1,395 a year to £225 a year in an outer fringe area including Guildford, Surrey

Racal in pensions row

BY OUR LABOUR CORRESPONDENT

RACAL, the electronics group, said last night it would not abandon a two-year pension contributions "holiday" in the face of disruptive action at its Racal Decca subsidiary.

Unions representing workers at the subsidiary yesterday confirmed they were calling for an overtime ban to try to press the company to improve pension benefits rather than suspend employer contributions for two years.

The Racal group as a whole is saving an estimated £16m through the two-year holiday, designed to cut fund surpluses to conform with the Finance Act 1986. The Decca fund alone has a surplus of almost £7.7m.

UK NEWS

National Westminster to offer independent advice

BY HUGO DIXON

NATIONAL WESTMINSTER, Britain's largest clearing bank, has decided to give independent advice on financial services through its 3,200 bank branches and 60 trust branches rather than selling its own products.

As a consequence of this decision, it is looking for a buyer for County Unit Trust Managers, its unit trust business with £400m in funds under management.

NatWest's decision, which has been forced by the polarisation rule devised by the Securities and Investments Board, the new financial services regulator, is in stark contrast to that taken by all other leading clearers. They are planning to turn their bank branches into company representatives, selling only in-house life, unit trust and pension products.

NatWest's approach, however, is the same as that taken by all leading building societies, apart from Abbey National.

The bank hopes that, by taking the independent route, it will appeal to more customers and increase its share of Britain's personal banking market.

"People are more in need of unbiased financial advice than ever before," Mr Charles Green, deputy group chief executive, said. Selling only the bank's products "would not, in our view, be in the customer's best interests."

NatWest's decision was immediately backed by the Campaign for Independent Financial Advice, a group of life assurance companies determined to preserve independent intermediaries as marketing outlets for their products.

It rushed out a statement saying: "The decision by the other clearers and Abbey will be proven not to be in their commercial interest nor in the interest of the consumer."

Other banks defended the routes they had taken. Mr Peter Axten, who runs Midland's personal financial services division, said market research showed most bank customers felt safe buying their own bank's products.

NatWest's decision was influenced not only by its desire to increase its number of customers but also by the structure of its business. It owns an insurance broker and a unit trust business but no life company – unlike Barclays, Lloyds and TSB.

NatWest felt that, if it had taken the alternative route, then the operation of its successful insurance broking business, which made £16m pre-tax profits last year, would have been hampered.

By choosing to be an independent intermediary, it will lose the major outlet for its unit trusts, as branches introduce 60 per cent of County's business. But the unit trust business is less of a moneyspinner than the insurance broker.

NatWest said it had approached several institutions who were interested in buying County Unit Trusts, but that the sale would not be concluded for several days.

NatWest refused to name either the price it was looking for or the institutions who were looking at it. Other people in the business, however, said the figure of £30m that has been bandied around was much too high.

Many institutions are likely to be attracted to County provided it is not too expensive.

Analysis, Page 10

Sacked Hill Samuel directors were negotiating with BZW

BY DAVID LASCELLES, BANKING EDITOR

THE TWO Hill Samuel directors who were dismissed on Tuesday were negotiating the sale of the group's entire corporate finance department to Barclays de Zoete Wedd, it emerged yesterday.

The deal, if it had succeeded, would have been unprecedented in the City of London, involving the tranfer of several dozen people, as well as department's clients and records as a complete going concern. The intention was that BZW would make a payment to Hill Samuel for the business.

Negotiations had reached the point where compensation packages for the department's individual directors had been agreed, although no price tag had yet been set on the business. The deal was conditional on the acceptance by Hill Samuel's board of a formal offer by BZW, which was to have been made on Tuesday. The department had earlier turned down an offer from another group because it only "cherrypicked" certain people, and was not conditional on Hill Samuel's approval.

Hill Samuel's corporate finance department has 130 people and 17 directors, and is adviser to about 150 companies.

On Tuesday, Mr Trevor Swete, the head of the corporate finance department, and Mr Christopher Roshier, his deputy, were dismissed by Hill Samuel for conducting the negotiations without informing the group's management. Mr David Davies, the chief executive, described their action as "reprehensible" and a breach of their fiduciary duty as directors.

Mr Swete and Mr Roshier said they believed they were acting in the best interests of the bank. BZW, which is the newly formed investment banking arm of Barclays Bank, declined to confirm yesterday that it was the group involved in the negotiations. However, Barclays Bank said that it had made an approach to Hill Samuel at the time of its merger talks with Union Bank of Switzerland in July about buying parts of its business. But it said the resulting discussions had been terminated.

News of the dismissals brought a further fall in Hill Samuel's shares yesterday, which closed at 634p, down 28p. However, the fall was arrested by the announcement that two large Australian shareholders who have been stalking the group increased their stakes.

FAI Insurance, controlled by Mr Larry Adler, increased his interest from 14.5 per cent to 14.7 per cent, and Mr Kerry Packer's CP International went from 12.5 per cent to 13 per cent. The shares are believed to have been bought before the news of the dismissals.

Analysis, Page 10

City's view of small investors criticised

By Philip Stephens

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday announced preferential treatment for the 165,000 holders of personal equity plans in the forthcoming British Petroleum share issue. At the same time he took a sideswipe at the City of London for not doing enough to cater for small investors.

In an upbeat speech on the prospects for both a widening and a deepening of individual share ownership, the Chancellor said managers of PEP schemes – schemes aimed at encouraging wider share ownership through tax concessions which started in January this year – who registered with the BP share information office would be able to get the same guaranteed allocation and preferential treatment for their customers being offered to small investors registering with the office directly.

The £7.5bn sale of the Government's shareholding in BP is due next month and the special arrangements for PEP holders are designed to enhance further the prospects of a successful sale. Mr Lawson, who introduced tax concessions for the PEPs in his 1986 Budget, is also keen to boost the number of PEP investors.

The Treasury believes that preferential treatment in privatisation issues will be an important further incentive for individuals to invest in PEPs.

Mr Lawson, speaking in London at a meeting of the Wider Share Ownership Council, was sharply critical of what he called the failure of the City to respond vigorously to the opportunities of wider share ownership.

In particular, he regretted the decision by some securities houses to increase minimum commissions in response to their well-publicised problems with settlement systems. The Chancellor welcomed the action taken so far by the Stock Exchange and Bank of England, but said that others in the City should do their utmost to sort out the situation quickly.

The growth of small shareholdings was not an "irksome problem, as some still seem to see it, which will soon go away. It is an exciting aspect of the new Britain which is here to stay."

Electricity privatisation, Page 10

PM in top-level talks on power industry flotation

BY MAX WILKINSON, RESOURCES EDITOR

THE Prime Minister and senior Cabinet colleagues have agreed to meet on Monday to review the Government's general strategy for privatising the electricity industry. No 10 Downing Street confirmed last night.

The meeting, probably at Chequers, is expected to be attended by Mr Nigel Lawson, the Chancellor, Lord Whitelaw, and Lord Young as well as by Mr Parkinson.

Mr Cecil Parkinson, the Energy Secretary, will tell his colleagues of his broad general conclusions about the industry after an intensive round of talks between himself, Mr John Guiness, deputy secretary in the Energy Department, Mr Willy Rickett, the Assistant Secretary co-ordinating the project, and senior industry executives. After a detailed presentation from Mr Rickett, discussion by ministers is expected to be open-ended with no agenda for detailed decisions.

The main questions which ministers are likely to be addressing are the extent to which competition can be introduced into the industry at the time of privatisation. They are also likely to look at the question of how to liberalise the purchase of coal and the extent to which it is feasible to encourage free international competition in the market for British power station coal.

It is now widely recognised in the industry that any scheme for a radical break-up of the Central Electricity Generating Board would take a considerable time to prepare, so full privatisation might not be achievable until the next parliament.

Even if the CEGB were left intact, reorganistion of the 12 area boards, which distribute and market electricity, would probably also take time. Some observers have suggested that the area boards should be formed into companies with an obligation to ensure future supplies of electricity and at least some control over the national grid.

They might in this case form a counter-weight to the CEGB with the ability to build or order new power stations and to encourage the development of independent competitors in the power generating market.

Ministers will probably also consider the long-standing question of how to reorganise the industry in such a way that the bodies responsible for selling and pricing electricity also have more control over its supply.

The recent public anxiety about the performance of British Telecom and British Gas as private sector monopolies may persuade ministers that it is worth taking more time to work out a competitive solution for electricity. However, the Prime Minister is known to be anxious to move ahead as soon as possible and to keep up the momentum of the privatisation programme and the move towards popular capitalism.

Scottish boards split over advisers

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE NORTH of Scotland Hydro-Electric Board has appointed a separate merchant banker to give it financial advice on the privatisation of the Scottish electricity industry. The move comes only two weeks after it and the South of Scotland Electricity Board had named a team of banks to advise both boards.

The hydro board appointed Charterhouse Bank, the merchant banking subsidiary of the Royal Bank of Scotland, to be its adviser. It will no longer be advised by the joint team of Noble Grossart, the Edinburgh financial institution, and Samuel Montagu, which will, however, continue to serve the southern board.

The Scottish Office and the two boards are studying the structure that the industry should have after privatisation. The two boards have different generating and financial structures, although they co-operate closely in power generation through an agreement which entails extensive swapping of electricity.

The hydro board's decision to obtain separate confidential advice about its chances of remaining a largely separate entity after privatisation. This could mean the two boards being privatised separately under a joint holding company.

The hydro board's desire for separate confidential advice put strain on the arrangement with its counterpart and it decided to seek a separate adviser.

Mr Michael Joughin, chairman of the hydro board, said yesterday: "Until the post-privatisation structure of the electricity industry in Scotland is decided by the Government, there is, or could be, a need for separate advisers."

The southern board said it had put no pressure on the hydro board to get a separate adviser.

The hydro board's change of abandon the joint arrangement with the southern board stems from its desire to advisers focuses attention on some of the difficulties of privatising electricity in Scotland.

There have been suggestions that the hydro board, which has a good public image and has largely amortised its predominantly hydro-electric generating plant, could be more attractive to investors than the much bigger southern board.

That board will be 60 per cent dependent on nuclear-generated electricity when the Torness advanced gas-cooled reactor comes fully on-stream next year.

BA spends £53m on computer expansion

By Terry Dodsworth, Industrial Editor

BRITISH AIRWAYS is launching the largest computer acquisition in its history with a £53m expansion programme aimed at preparing itself for adoption of the revolutionary Galileo centralised reservation system.

The modernisation project will be spread over three years and involve spending £37m on equipment and £16m more on extending the company's computer facilities.

It will mean the group's annual capital budget on its computer activities, running at about £10m in 1982, will rise to about £50m a year over the installation period.

Mr John Watson, BA director of information management, said the group was expecting that by 1990 its spending on information technology would rise to 5 per cent of turnover from about 3 per cent today.

A significant part of that spending goes on the group's computerised passenger reservations and travel-information system, where demands on computing power have been rising by up to 40 per cent a year.

Mr Jones said the expansion was expected to create 250 jobs over the next 12 months, representing acceleration over the recent growth rate. BA employs 1,500 people in its information-technology department.

The programme also emphasises the strong position of IBM, the world's largest computer group, in the expanding market for large mainframe machines for the airline industry.

IBM will provide four of its 3090 computers for the project in which the machines will be linked in a high-volume operating system allowing the computers to handle more than 1,000 transactions a second.

IBM machines are also being used for the Galileo reservations system being set up by several leading airlines. The compatibility of the new BA machines with those being installed for Galileo should ease the software programming to link up the two networks.

In addition, BA is to buy IBM 3090s to cope with the growth in traffic in its existing work, in areas such as engineering, catering, and airport operations. It will also buy a similar machine supplied by Amdahl, the leading maker of IBM-compatible mainframes.

Boston votes to privatise docks

By Richard Evans

THE DOCKS at Boston, Lincolnshire, are to be privatised by the local council to finance improvement schemes.

Councillors have voted to sell at least 51 per cent of the docks, wholly owned by Boston Council, to private investors. A company is to be formed to begin operations next April.

The move follows indications from the Government that it would not be prepared to sanction expenditure by the council of £10m needed to secure existing business and to attract new traffic. A prospectus is being prepared to attract investment.

David Lascelles charts the moves that led to a top Hill Samuel executive's dismissal

Swete's dreams end in disappointment

WHEN ONE of the City's leading merchant banks wanted to expand its corporate finance department a few years ago, it drew up a list of the top ten practitioners in the business. That list featured Mr Trevor Swete, the head of corporate finance at Hill Samuel.

Today, Mr Swete no longer holds that position. He was dismissed on Tuesday morning for negotiating the proposed sale of Hill Samuel's corporate finance department to another company—a deed described by his boss as "reprehensible."

But in the fast-moving world of corporate finance, where anyone with a name and talent is in big demand, Mr Swete will not be short of job offers. Many people sympathise with the shock expressed by Mr David Davies, Hill Samuel's chief executive, but in the post-Big Bang City, it is not a blot that will stain Mr Swete's career for life. Some may even applaud him.

He spent yesterday at his Holland Park home returning more than two dozen calls that had piled up on his answering machine. It was a little early to be enjoying a holiday. He returned with his family from 10 days' yachting off the Turkish coast only a week ago.

Like most people who achieve success in his profession, Mr Swete, 42, is ambitious, sociable and well connected in the world of business and finance. During a 15-year career at Hill Samuel, he and his deputy, Christopher Roshier, who was also dismissed, helped to build up the group's corporate finance department into one of the City's more successful businesses.

Christopher Roshier (left), David Davies (centre) and Trevor Swete.

He is also said to have nursed ambitions to become group chief executive, although he claims never to have sought the job.

One of his worries at Hill Samuel was that corporate financiers are constantly in danger of being dazzled by their own glamour and can easily lose sight of reality. "Merchant bankers are very good at telling other people how to run their businesses, but they are not always very good at running their own," he said in a recent interview.

To reduce that danger and give the department more self-awareness, he created a departmental board of directors — a step believed to be unique in the City. The group met once a month over dinner to discuss the management of the department and strategy. Mr Swete also invited three outsiders, from the academic and business worlds, to join the board and offer advice and criticism.

But while his department grew into one of the City's largest with 130 people and some 150 clients, it never quite made it into the top league. Mr Swete believed it was handicapped by Hill Samuel's relatively small capital position, its limited international presence and its inability to trade debt securities on a big scale.

When Union Bank of Switzerland came along in July with a merger offer that would have corrected all those failings, it was like a dream come true. Mr Swete and his colleagues saw a chance to realise their ambitions.

By the same token, though, the collapse of those talks was a bitter disappointment, and it seemed obvious to Mr Swete that he would have to act to prevent the rapid disintegration of his department. Within hours of the collapse, the job offers were pouring in.

It is not entirely clear how the deal with another group, believed to be BZW, was put together. But it was intended to involve the transfer of the department lock, stock and barrel, with some kind of compensation for Hill Samuel.

Mr Swete and Mr Roshier both maintain vehemently that that was better than the destruction of the department as its directors left, and the damage that that would have caused to Hill Samuel. In today's intensely competitive market, it would have been virtually impossible to replace them.

They insist that the deal was conditional on Hill Samuel's approval although it is not clear whether Hill Samuel would have had much choice: if it said no, most of the department would have absconded anyway.

It was an acutely uncomfortable dilemma. Some people will support Mr Davies's view that the honourable thing for Mr Swete to have done was to tell management about the approach at the very first moment. Instead, Mr Swete and his colleagues took negotiations to the point where the compensation for individual directors had been agreed, and then presented Hill Samuel with wht amounted to a "take it or leave it" offer.

Others will argue that there are few points of high principle or loyalty involved: Hill Samuel's future looked increasingly uncertain, and here was a deal that would keep together a successful team.

Scotland 'needs economic power devolved'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

SCOTLAND REQUIRES that economic rather than political power be devolved to it so that it can regenerate a healthy and self-assertive economy, says the Adam Smith Institute, which today launches proposals concentrating on the separate privatisation in Scotland of state-owned concerns.

The proposals come a few days after Mr Malcolm Rifkind, Scottish Secretary, indicated that the Government intended during its third term of office to concentrate on reviving in Scotland a spirit of enterprise and on breaking down a culture of dependence on the state.

That is in spite of the severe setback the Conservative Party suffered in Scotland at the general election when it lost 11 of its 21 seats.

The institute says Scotland has lost the enterprise culture it once had and has replaced it with a dependence culture that has tried to shield it from the currents of a modern economy.

Successful politicians were "perceived to be those who could go down to England, begging-bowl in hand, to secure more crumbs from the rich man's table. This has applied to politicians of all parties."

The institute says discontent has led up "the blind alley of a call for political devolution." It argues: "There is no bright future for a Scotland sucked deeper into parochialism sustained only by a phoney culture of a kitsch nationalism."

It lists 30 innovations designed to make scope for Scottish talent and skills and to provide the basis for industrial and financial growth "based on the next century instead of the previous one."

It proposes that the Government, in its forthcoming privatisation of the Scottish electricity industry, should give two weeks' priority for share applications from Scottish private and institutional applicants.

The Forestry Commission, which has 70 per cent of its forests in Scotland, should be privatised as a Scottish company, giving priority to Scottish share applicants.

Scottish banks should no longer be restricted by the Bank of England on the amount of currency they can issue on a fiduciary basis. Moves should be made to break up the big council-housing estates.

The institute also proposes that there should be a separate Scottish passport when the European Community passport is introduced next year. The Prime Minister should have an official residence in Scotland similar to Chequers and there should be a separate Scottish honours list.

Initiatives for Scotland; Adam Smith Institute, PO Box 316, London SW1 3DJ.

Welsh investments to create 300 jobs

BY ALICE RAWSTHORN

TWO ENGLISH companies have decided to open new factories in Wales. The investments will create more than 300 new jobs in two of the country's most depressed areas.

Sheer Pride, an office furniture manufacturer, is relocating its business from Weybridge in Surrey to the Cynon Valley, near Aberdare, to move into a larger, more modern plant. John Hine, which makes hand-crafted model cottages, is opening an additional manufacturing plant in Wrexham.

The relocation of the Sheer Pride business from Surrey to Wales will create 300 jobs, although all of its present 220 employees have been given the chance to move. Sheer Pride, a subsidiary of Lonrho, the international trading company, has expanded rapidly within the office furniture field and is stretched to full capacity at Weybridge.

Mr Ken James, managing director, said the company had decided that it would not be cost-effective to expand its existing premises. Once it has moved to the new site in late 1988, capacity should increase by 75 per cent. Sheer Pride will then develop its systems furniture business.

The new plant will cost £7m to open and some of the investment will be recouped by grants from the Welsh Office.

John Hine, which markets its hand-made model cottages throughout the world, will open a new plant in a former Courtaulds textile mill in Wrexham. The company is run from Hampshire, where it has built up a turnover of £8m, but now needs additional production facilities.

Mr John Hine, the managing director who founded the business eight years ago, said the labour-intensive nature of the production process meant that the company needed large manufacturing sites with extensive facilities for its employees.

It had decided that it was not cost-effective to open such a site in the south-east of England. The new Wrexham factory will initially employ 25 people, but more jobs should be created in the future.

Kittiwake oilfield approved

By Max Wilkinson

THE Government yesterday announced approval for the development of the Kittiwake North Sea oilfield at a cost of some £350m.

The development, by Shell and Esso, is expected to provide employment for 2,500 people in the offshore supplies industry while the platform is built.

The companies announced in July that they were prepared to push ahead with the project after a cost-cutting exercise that reduced the initial estimates of about £500m by 40 per cent.

The field, about 100 miles east of Aberdeen, is one of the smaller North Sea reserves, containing about 70m barrels of oil. The oil will be transported by tankers rather than by pipeline, and associated gas from the well will be piped to the nearby Fulmar platform.

Three Scottish oil platform yards, Highland Fabricators at Nigg, RGC at Methil and McDermott at Ardesier, are expected to compete for the order to build the 6,000-tonne jacket on which the platform's superstructure rests. Kittiwake is Shell-Esso's ninth North Sea field.

The Government has also agreed in principle to plans by RTZ to develop the Crosby Warren oilfield near Scunthorpe in South Yorkshire. The company has been given planning permission for the field, which is expected to yield some 370,000 barrels over six years.

Hugo Dixon analyses an institution's unorthodox decision not to sell its own life insurance products

NatWest banks on demand for independent financial advice

NATIONAL WESTMINSTER Bank has taken a big gamble in deciding not to sell its own life, unit trust and pension products through its branches. The decision, announced yesterday, contrasts starkly with those taken by all other leading clearing banks.

If NatWest is right in its view of how personal financial services markets are developing, it will see continued growth in its share of the banking market. If it is wrong, it will find profitability under pressure at a time when other banks are using their branches as outlets for a range of financial services.

This division in the banking industry has been caused by the rule called "polarisation" devised by the Securities and Investments Board, the new financial services regulator.

It requires all banks and building societies to decide between giving independent advice on all the life and unit-trust products available in the market and selling the products of only one company.

The rule is designed to protect a consumer by making clear what financial interest a bank or society has in selling a product. Ironically, it is likely to result in less independent advice being given on the high street.

NatWest differs from the other clearing banks in its perception of what the consumer wants. Mr Charles Green, one of the bank's deputy group chief executives, argued that people were more in need of unbiased financial advice than ever before and that a decision to sell only the bank's products would not have been in customers' best interests.

But Mr Allan Kirtley, a senior executive at Lloyds Bank, said its market research, involving 2,000 bank customers, showed that many people did not know that their banks were selling life insurance. The overwhelming majority of those who did, he said, thought banks were selling their own products anyway and had no objection to this.

HOW INSTITUTIONS ARE POLARISING

Bank/Society	Decision
National Westminster	Independent intermediary
Barclays	Company representative
Lloyds	Company representative
Midland	Company representative
TSB	Company representative
Royal Bank of Scotland	Company representative
Halifax	Independent intermediary
Abbey National	Company representative
Nationwide	Independent intermediary
Woolwich	Independent intermediary
Alliance & Leicester	Independent intermediary

NatWest which did not carry out market research before taking its decision, argues that even though people may not perceive a present need for independent advice, their perceptions might change. The bank will soon start a marketing campaign emphasising the advantages of independent advice.

That is likely to be boosted by the Campaign for Independent Financial Advice, a collection of life companies that sell their products through independent intermediaries. Camifa is planning a high-profile advertising campaign and yesterday backed NatWest's move.

A further factor that influenced NatWest's decision was the make-up of its business. It owns an insurance broker and a unit trust company, but, unlike Barclays, Lloyds and TSB, not a life company.

Even so, Midland and Royal Bank of Scotland, which have a similar business make-up to NatWest, have decided to sell only their own products through their branches.

Midland will probably overcome its lack of a life company by cannibalising its insurance broker, thus building a life company internally. Royal Bank, on the other hand, is planning to continue referring customers to its insurance broker, although under SIB rules the broker will be unable to operate through the branches.

NatWest found neither route attractive. It did not want to sacrifice its insurance broker, which earned £16m pre-tax last year. And it was not convinced that the broker would have been able to work effectively under the restrictions imposed by the SIB.

Its plan is to dispose of its unit trust company and to concentrate exclusively on independent advice. To buttress that strategy, it will be retraining staff and installing viewdata screens in 200 of its branches as an aid to giving advice.

NatWest hopes that by differentiating itself from other banks, it will be able to attract more banking customers. A further advantage is that insurance broking does not require much capital whereas running a life company does.

Two interlinked questions, however, overhang the strategy: Will NatWest be able to train its staff to sufficient standards? And will it be able to achieve sufficient penetration for its advisory services throughout its customer base?

Training staff to sell one range of products is easier than training them to sell the whole range available in the market. NatWest has doubts about the ability of its staff to sell personal pensions, which are expected to become big business next year.

If it cannot train staff to give sophisticated financial advice, its strategy for financial services will be severely dented. In that case, those banks which have chosen the simpler route of selling only their own products will be the winners.

NatWest's Mr Green admits that it is not possible to predict the result. He said: "The proof of the pudding is in the outcome."

Glaxo licensed to sell Zinnat oral antibiotic

GLAXO, Britain's biggest pharmaceutical company and manufacturer of Zantac, one of the world's best-selling drugs, has been granted a UK licence to sell Zinnat, its new oral antibiotic.

Zinnat should prove a useful addition to the company's antibiotics range, which generates annual sales of about £200m, compared with total group sales of £1.4bn in the 1986 financial year.

Zinnat, a second-generation drug of the cephlosporin family, is designed to treat a range of bacterial infections.

Glaxo says worldwide sales of oral antibiotics are about $5bn (£3bn), of which cephlosporins account for about $2bn.

The company hopes for approval to sell the drug in the US by the end of the year and in Japan by late 1988, with Zinnat generating annual world sales of about $250m by 1991.

David Thomas on the challenges facing the chief of a major telephone group

BT opts for consistency in its chairman

IAIN VALLANCE'S elevation, starting next month, to the top job at British Telecom is a vote for continuity when Britain's main telephone company is going through its biggest crisis since privatisation.

Mr Vallance was born and bred in the business. Not only did he join the Post Office, BT's predecessor, immediately after studying at Oxford University, but he followed in the footsteps of his father, who was Post Office director in Scotland.

Still only 44, Mr Vallance has always been regarded as the highest of high fliers in the telecommunications world. He is about to replace Sir George Jefferson as BT's executive chairman—a role one eminent UK industrialist recently described as "the most important job in British industry." Yet he is also inheriting one of the most difficult legacies to be found.

BT was once considered one of the jewels in the crown of the Government's privatisation programme. As the first of the big utilities to be sold, it overcame considerable scepticism about the City being able to handle a privatisation issue on that scale and it also ushered in the era of wider share ownership.

This year, however, the applause has come to an abrupt halt. The row about BT's failure to improve its quality of service fast enough has turned the company into "one of the most loathed institutions in the country" — the words of Paul Johnson, the right-wing commentator.

BT has been slammed, not just for calls going astray, out-of-order phone boxes and directory inquiries being permanently engaged, but also for responding to such criticisms in an over-defensive way—just like the bad old days of state ownership.

The company says it has a consistent strategy designed to overcome such difficulties. It is clearing the backlog of obsolete equipment inherited from the days of government control and it is teaching its staff to deal with customers as though they were human beings.

Mr Vallance was intermittently involved in shaping that strategy, most recently as chief executive, the job he took last year. He is therefore unlikely to deviate from current policies or from his goal of delivering a telephone service second to none in the world by 1990.

Moreover, it would not be characteristic of Mr Vallance to set out on a radically differently road. Most observers judge him to be cautious (his detractors call him bureaucratic) — a trait that is either a plus or a minus, depending on the view of what BT needs at present.

Sir George Jefferson (left) outgoing chairman and Iain Vallance, a "high flyer."

Mr Vallance has recently appeared uncomfortable with the grandiose vision, peddled at the time of privatisation, of BT spearheading Britain's information technology industry in the wider world. He has said that BT's overwhelming priority should be to improve its basic phone service, rather than to make dramatic forays internationally or into the realm of equipment manufacturing.

That should please BT's critics who believe that the company has not grasped how low it has fallen in public estimation. The downside is that Mr Vallance may not be prepared to entertain radical new suggestions on how to improve service.

Yet Mr Vallance is immensely articulate in explaining BT's tasks and strategies, which should help improve BT's dismal public relations. Indeed, he had embarked on that task last year before the latest row arose.

His fluency will also be at a premium in the next few years when the Government is due to make decisions on the framework of telecommunications in the 1990s. Those decisions are more likely to go against BT if the company has not got its act together in the meantime.

Mr Vallance is also likely to argue for continuity in that arena. The spate of other announcements made yesterday only served to reinforce the view that the company has opted for continuity at the top.

Mr Vallance took the top job over the head of Mr Graeme Odgers, who yesterday became managing director. Mr Odger's background is outside BT — most recently as managing director of Tarmac, the construction group — becoming a BT full-timer only last year when he was made deputy chairman.

When Mr Odgers took that job, it was widely seen as setting off a struggle between Mr Vallance and Mr Odgers, with Mr Odgers representing those forces which believed BT needed a new vision — although some insiders dismiss this view as oversimplified.

There were rumours—never confirmed—that the company had been considering importing an eminent outsider with no telecommunications background as non-executive chairman to shake up the company.

Whatever the truth, Mr Vallance is now set to occupy the top job at BT for a long time.

Labour to consider taking public's view

BY JOHN HUNT

A PROPOSAL that the Labour Party should take widespread soundings among the public in an attempt to improve the appeal of its policies is to be considered by the party's home policy committee on Monday.

The plan is being put forward in a report drawn up by Mr Tom Sawyer, chairman of the committee and deputy general secretary of the National Union of Public Employees.

Hard-left members of the committee, such as Mr Tony Benn and Mr Dennis Skinner, would oppose any move they saw as an attempt to dilute socialist policies in order to capture the middle-class vote.

The intention is to find out why the party had such a disappointing result among trade unionist voters in the general election, particularly among skilled workers. There was also loss of support among ethnic minorities and a poor response from pensioners.

The pattern for the party was also poor among women and young people. It suffered a bad setback in southern England and fell back in the Midlands, an area of traditional Labour support.

The proposal is for a series of public meetings to be held in such areas in an attempt to find out why support for the party has fallen off.

It is envisaged that that would be followed by the establishment of new policy review groups headed by members of the Shadow Cabinet or National Executive.

Nupe is the union that has put forward a motion for the party conference, due to be held in Brighton at the end of the month, proposing that Labour should adopt policies relevant to the 1990s and listen to the groups it needs to attract.

LBC launches campaign for 1m more listeners

BY RAYMOND SNODDY

LONDON BROADCASTING Company, Britain's first legitimate commercial radio station, yesterday launched a campaign to increase its audience and turnover with new programmes, a new logo and its largest advertising campaign.

Mr Bill Coppen-Gardner, managing director of LBC, said the aim was to push the regular weekly listenership up from 2m to at least 3m and annual turnover from £7m to £10m.

The company had pre-tax profits of £139,000 on turnover of £7m in the year to September 1986, but the station has had a good year and profits are expected to rise.

LBC, which will be increasingly marketed as the information station for London, will be putting a lot of effort into increasing its number of listeners in the 25-44 age group.

Mr Coppen-Gardner said the campaign would strengthen the station's commitment to "all aspects of news, information and community service designed to meet the needs of an increasingly sophisticated audience."

It will include "lighter listening" at the weekend with television presenters Michael Aspel and Henry Kelly.

LBC has spent nearly £1m on its new look and more than half as much again on a television, press and poster campaign by Ogilvy & Mather.

Darling Downs Television, of Queensland, Australia, which last year bought a 58 per cent stake in LBC (49 per cent of the voting rights), encouraged a fresh look at the station's performance including detailed research on its audience and what they want.

LBC hopes the campaign will strengthen its base for growing competition in British commercial radio. The Government envisages the creation of up to three national commercial radio stations including probably one devoted to news and speech.

Warning of VAT threat to 10,000 printing jobs

By Raymond Snoddy

AS MANY as 10,000 print workers might lose their jobs if value-added tax is imposed on publications, the director-general of the British Printing Industries Federation (BPIF), Mr Stanley Bradley, has warned.

He says in an interview in the Sogat Journal that VAT on publications would not only cost jobs but would worsen Britain's improving international competitiveness in printing and publishing.

The BPIF employers' federation believes that productivity in the British printing industry has increased by 7 per cent a year since 1980.

Printing unions and employers have been joining together to lobby against VAT being imposed on publications—at present zero-rated—either by the British Government or the EC.

Bristol calls off port sale talks

BRISTOL CITY Council has withdrawn from talks with Associated British Ports about the possibility of ABP acquiring an interest in the Port of Bristol.

At a meeting held at the council's request, ABP said no takeover of the port could proceed unless there were an investigation to all aspects of the port by accountants, and if terms could be agreed.

UK scientists scramble for superconductor funding - but is it enough?

BY JANE RIPPETEAU

IF YOU CAN imagine two bubbles stuck together, with a boundary between them that would break if you tried to push something through it, you can imagine the heart of a problem perplexing scientists worldwide.

Atom-seeing 'eyes' made up of beams of electrons are peering at the boundary. Thousands of specialists are pondering it. And millions of dollars worth of research is being done on or being considered for the problem - one aspect of research in the field of "warm" superconductors, materials that transmit electricity with almost no power loss.

But in the race to unravel the secrets of this new technology - and to patent findings that could result in lucrative commercial deals - British academics are worried that their country is trailing far behind its principal competitors in the US and Japan.

'We have to compete with Bell Labs and IBM and the huge Japanese companies which put a large proportion of profits into research and development,' says Colin Gough, senior lecturer at Birmingham's Department of Physics, and co-ordinator of the university's 45-strong inter-departmental programme in the technology. 'UK universities are seriously underfunded.'

'The whole of Europe is behind,' adds Peter G. McLaren of Cambridge University's Department of Engineering. And, he says, most spending goes to basic research. 'The British are still not funding research for applications.'

The object is to understand, and hence harness, the far-reaching potential of new metal-oxide materials that superconduct at temperatures that, although sub-freezing, are much warmer and cheaper to achieve than those required by conventional superconductors already in limited use.

Enthusiasts see in the new technology something as profound as another electronics revolution. They project such applications as far cheaper power transmission, faster computers, low-cost medical scanners, even high-speed trains that levitate above their tracks.

For the moment, though, work on grant applications and industrial liasion to get needed funding is interfering with basic research, says Christopher Muirhead, lecturer in physics at Birmingham.

Gough says it took him three to four weeks to prepared Birmingham's grant application for the British Science and Engineering Research Council's planned superconductivity research centre. Birmingham is filing jointly with Warwick University.

Eleven universities were invited to apply for this plum, and scientists are now scrambling to get ready their proposals by SERC's September 15 deadline.

'There's no way one can drop everything just for this,' says Michael H. Loretto, professor at Birmingham's Department of Metallurgy & Materials, as he pores over documents on a different technology. 'But we can't ignore it. Scientifically, it's very interesting. Economically, it's potential dynamite. There's big money in it.'

The promise the materials hold, however, seems matched by the limitations of their brittle ceramic form and serious performance faults. One of the keys to their operation and performance, for instance, is believed to lie in understanding the boundaries between crystals of the materials, which interfere with the flow of electricity.

The costs of such daunting research are high. Japan's pell-mell Government-industry research funding is mirrored in the US. There, dozens of companies are already paying for their own work. And nearly two dozen Government laboratories, including the Naval Research Laboratory, and the Argonne, Los Alamos and Oak Ridge national laboratories have programmes under way (see accompanying story).

The British Government has decided to consolidate its superconductor research spending in two University Research Centres, one to focus on electronic and electrical engineering applications of the technology, and one looking into power applications. The Government has not said how much it plans to spend on the centres, but some university dons expect £1m to £1.5m in current expenditure money and perhaps £2m to £4m for capital costs. In addition SERC says it has scheduled £2m for additional research grants, on top of £0.75m it has already handed out.

The thinking in the UK is that it is better to consolidate more money in one to two spots than disperse funds to many schools. One key piece of equipment - called a molecular beam epitaxy machine - can run to £1.25m to buy and set up in proper 'clean room' surroundings, says Gough.

According to Eckardt Salji, lecturer in earth sciences, and chairman of the High Temperature Superconductivity Group at Cambridge, the university has already spent £3.5m on equipment for research in the field. Even attending conferences strains academics' budgets, adds Christopher Muirhead. He says that attending two key industry conferences in Tokyo, from which he returned last week, cost about $2,000.

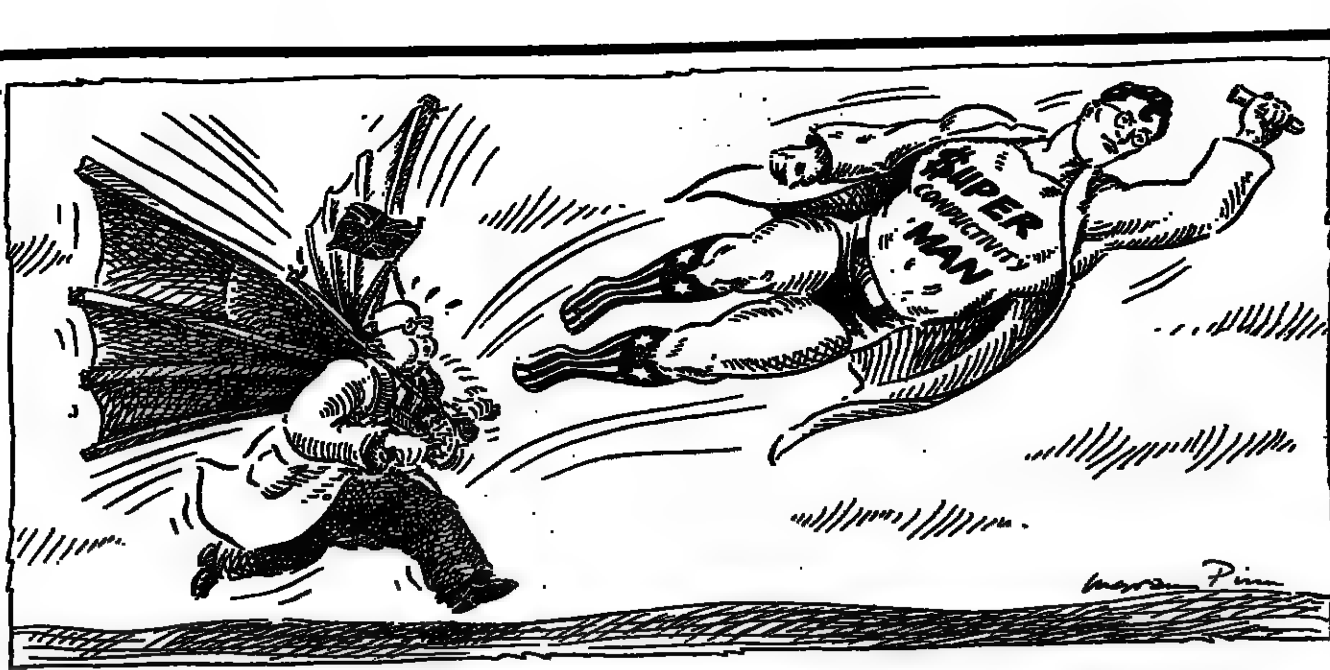
Not all UK academics agree with the funding plan. One, who asked not to be named, feels it is downright dangerous.

'This is not the best way to get the most out of limited resources,' says the don. 'One centre will become parochial, and it's an argument for the big guys. You must have the ability to fund a small guy with a crazy idea because that's the way innovation comes out. There could be somebody tucked away somewhere in a small lab who makes the discovery.'

It is unlikely that UK university researchers will have to rely solely on the Government for their research funding, however. The commercial potential of the new superconductor technology has lured industry to their side; researchers seem increasingly able to make up funding shortfalls through such aid as direct funding, supply of personnel or loan of equipment.

At Birmingham, for instance, aid from Lucas Industries, Air Products and British Oxygen includes a researcher seconded by the Lucas Research Centre to work full-time at the university on superconductor fabrication and analysis. The researcher helps manufacture superconducting powder, then takes it to Lucas where the material is fabricated using proprietary techniques and equipment not otherwise available to the university scientists.

Says Gough: 'It's absolutely essential to have university-industry co-operation.'



Top-level US initiative favours development of commercial applications

THE US Government's plans for superconductivity research come from the highest level.

In Washington this summer, President Ronald Reagan addressed a major superconductivity conference - controversial because foreign scientists were banned - and said US-funded research would proceed under an eleven-part initiative favouring development of commercial applications of the technology.

The US Government is currently spending $55m on superconductivity research, with half the amount allocated in the last seven months.

Under the President's initiative, the US Department of De[illegible] alone is slated to spend $150m over the next three years 'to ensure use of superconductivity technologies in military systems as soon as possible.'

The Administration is also keen to protect proprietary information. President Reagan said he would seek patent law amendments to improve protection for manufacturing process patents, and that he hoped to limit the Freedom of Information Act so that Government agencies could withhold 'commercially valuable scientific and technical information' generated in Government labs.

In other legislative changes, the Administration wants to amend the National Cooperative Research Act to permit more kinds of joint ventures that might at present be deemed anti-competitive and subject to antitrust litigation.

Unlike Britain's plan to set up two superconductivity research centres, the US Administration plans a number of such bodies, as well as data base operations, to cope with different aspects of the technology.

Ciba-Geigy sharpens its drugs focus

OUT OF THE BACKROOM

by David Fishlock

THE BODY does not recognise disciplines', says Professor Eric Tomlinson, director of an inter-disciplinary research centre at Horsham in Sussex. The principal aim of his three-year-old laboratory - which is owned by the Swiss multinational, Ciba-Geigy - is, therefore, to break down traditional boundaries between sciences and to draw in whichever disciplines are relevant to that goal.

In Tomlinson's case, the goal is how to deliver drugs against some particularly intractable kinds of disease more safely and efficaciously than can be done today.

His advanced drug delivery research unit is just a minuscule part of a $350m-a-year worldwide pharmaceutical R and D effort by Ciba-Geigy. It is a highly autonomous team of 45 people - 60 per cent PhDs - with a budget of about $2m, and a goal that has largely been fashioned by Tomlinson and his staff.

Indeed, his laboratory could be a model for the kind of inter-disciplinary research centre which Britain's research councils plan to set up at universities. Several dozen such centres are a vital part of the British Government's plans to free British academic science of some of its time-honoured constraints - and costs - and to reorganise along lines more relevant to national needs.

Drug delivery, as interpreted by Tomlinson, is really part of the drug discovery phase of pharmaceutical research, when science is still trying to understand the disease itself. Fifty years of intense pharmaceutical research have focused almost exclusively on the efficacy of drugs in treating the symptoms of disease. The approach has been highly successful but can place a heavy burden on the patient to rid himself of excess drug and to resist side-effects.

In the mid-1970s Ciba-Geigy bought into Alza, a Californian biotechnology team specialising in novel drug delivery. It was inventing systems that avoided the regular popping of pills or injections by drip-feeding the drug at a constant rate to the patient through membranes. Such systems could avoid harmful peaks in concentration of dangerous drugs in the body, as well as the troughs when the patient simply failed to take the medicine.

From Alza's research came transdermal patches, like sticking plasters, which can feed a drug steadily through the skin. Some 15 per cent of Ciba-Geigy's pharmaceutical sales come from transdermal patches, mainly for treating angina and delivering female steroids. About 100 different drugs are being investigated for delivery this way, Tomlinson says.

The transdermal patch bypasses the alimentary route taken by pills, where much of a drug's efficacy can be lost to the chemical reactions of the gut. Instead, it delivers the drug directly into the blood,

Ciba-Geigy recognised the importance of Alza-type inventions in drug delivery and wanted a research team in Britain that looked beyond the transdermal patch. In 1984 it invited Eric Tomlinson to leave his post as head of the department of pharmacy at Amsterdam University, and to set up a new research centre in the UK.

When subsequently invited by the company to write a brief for a new research programme, Tomlinson argued that the key lay in spatial rather than temporal aspects of drug delivery; how to get the drug right to the seat of the sickness without loss of efficacy and without laying a trail of toxicity. He persuaded the company to back his intuition, that it required a much more fundamental understanding than drip-feed delivery, with a $10m investment in new buildings, research tools and a team of young graduates, fresh from university.

Tomlinson believes firmly that the solution must lie in understanding the pathways of disease at a molecular level, particularly diseases which are proving so intractable to conventional drug treatments, including some bacterial and parasitic infections, and of course cancers.

For Tomlinson, the drug of the future must be what he calls a 'therapeutic system' - a package which includes not just the drug but an envelope which insulates it from its bio-environment until it reaches its target, a sensor which steers it to the seat of the sickness, and a release mechanism which opens the envelope at precisely the right moment.

Through genetic engineering and the associated biotechnology, it is already proving possible to make mimics of natural proteins and polypeptides, the low molecular weight drugs of the future. They include interferons and granulocyte colony stimulating factor. 'A whole host of different conditions - AIDS, disorders of lysosome and enzyme storage, haemoglobin disorders - can now be mapped out in terms of what has gone wrong at molecular level,' says Tomlinson. This allows his team to consider new strategies for intervention.

Still missing is an understanding of the diseased tissue in its entirety - 'its molecular nature, its anatomical, physiological and pathological aspects.' In his integrated team he has marshalled the skills he believes are needed to study both the disease and potential delivery systems to treat it.

The advanced drug delivery unit brings together cells biologists, polymer chemists, biotechnologists and many more disciplines in what he believes is a unique team. Tomlinson says frankly he has made many mistakes in the first three years of building an interdisciplinary research programme. 'Even for me it's been difficult to learn all the languages.'

Joining the new wave

Breaking out of the Saatchi fold

Jennifer Laing talks to Feona McEwan about her surprise move

WHAT makes the joint chairman of the biggest, and arguably starriest, advertising agency in London, want to swop her perch for a struggling shop down on its luck that few people have ever heard of?

When asked this question "for about the 100th time," Jennifer Laing - who has just revealed to an astonished adworld that she is to exchange the chairmanship of Saatchi and Saatchi Compton for that at Aspect Hill Holliday - says she realised there was some explaining to do. "It obviously looks very different from the outside."

Well, no, she says, it's not the money. That was plentiful where she was. And no, it was not a *falling out* of personalities. "I adore the Saatchis; it's got nothing to do with them at all." Nor, she insists, was it the fact, as has been reported, that she was miffed at a change in reporting procedures which resulted in agency managing directors bypassing the joint-chairmen to international board level.

It is simply that at 40 years old the need for good old-fashioned challenge was ultimately irresistible. "It was simply to do with me." The timing was right. "If I was going to leave a big corporate structure and play a greater influence in a company I had to do it now. I wasn't going to 9do it in five years' time."

Certainly, no one doubts the challenge. Aspect Hill Holliday is the hotchpotch result of Boston (Mass)-based Hill Holliday Connors Cosmopulos's third attempt to establish a British presence. As if to prove that international expansion can be a rocky route, the agency's recent past has been scarred by management blunders following a disastrous merger, which even the owners do not deny. And there has been some sheer bad luck.

At its peak, the agency - which also has public relations and marketing divisions - had advertising billings of £16.5m. It lost some £4.2m of this business and a raft of key management had to go.

Among departing clients were Mary Quant, Abbey Life, Alberto Culver and Pontins. Meantime, however, the 19-year-old Boston-based main agency, 35th biggest in the US with billings of $350m and known for intelligent creative work, was earning itself laurels by scooping the Agency of the Year 1985 title awarded by Advertising Age, the US trade magazine.

But Laing's move is interesting beyond the merely personal in that it points up some current trends in the industry. These include the creation of the next wave of breakaway agencies, the rise and rise of female executives in this still male-dominated industry, and the problems of big agencies in hanging on to key personnel.

After 15 years with Saatchi, where she had established herself as one of the most able "suits" (account managers) around, she had an enviable portfolio of accounts, including Wimpey Homes, Trusthouse Forte, WH Smith and Tesco.

What more could she want? The Saatchis are not the only ones asking themselves that question. But it is an issue that Saatchi watchers will want answers to and one which is likely to have implications for service industries in general.

For Laing is not the first pivotal executive to leave the fold willingly. There was Tim Bell, the charismatic people-motivator, credited with being a key architect of the Saatchi empire, and trusty advisor to the prime minister, Margaret Thatcher; financier Martin Sorrell, mastermind of the Saatchi acquisition trail, now empire builder in his own right who made a surprise dawn raid on J Walter Thompson earlier this year; and Jack Rubins, the dogged agency builder who devoted his life to Saatchi-acquired agency Dorlands and, as chairman, developed it into one of the country's largest agencies.

Why can't such an all-singing all-dancing company of Saatchi's calibre ultimately accommodate those whose sweat helped build it? Some say lack of autonomy. Others suggest lack of equity. One adman blames it on the "the male menopause" syndrome. Many suspect the real reason, beyond varying personal motives for departure, is the desire that burns in the entrepreneurial breast to call a company one's own.

However, Laing is adamant, as was Bell, that she had no desire to tread the well-worn path to setting up her own company - a hotel room, a creative team and a telephone. For her, the equity offer, which she coyly refuses to discuss, was doubtless a clincher. She will have a stake along with the two American owners of this private company. "The new relationship is more of a partnership than any relationship I could have at Saatchis."

Asked what she has not yet achieved in what she calls her charmed life, Laing says with characteristic diplomacy that she has yet to run an agency which she partly owns. This is a reference to the fact that in addition to the chairmanship of Aspect Hill Holliday, which she views as nearly a new agency, she also has a shareholding in the US parent company, Hill Holliday Connors Cosmopulos.

In the last year the industry has witnessed a stream of so-called "third wave" agencies setting up - Butterfield Day Devito Hockney, Woollams Moira Gaskin O'Malley, Leagas Shafron and Partners, and, imminent, Howell Caldicott Henry Lurie.

The last spate of breakaways, in the late 1970s/early 1980s injected the industry with a much needed creative shot in the arm and have contributed much to the health and dominance of the UK scene. They included Bartle Bogle Hegarty, Gold Greenlees Trott, Wight Collins Rutherford Scott (now WCRS Matthews Marcantonio) and Lowe Howard-Spink. What the contribution of the new wave will be - and whether perhaps a Laing-led Aspect Hill Holliday can contribute - remains to be seen.

This time round, they will be testing the Saatchi assertion that only mega-agencies, offering a total communications service on a global scale, will dominate the market.

Reviewing her career to date, Jennifer Laing puts much down to luck and timing. It was timing, in the way of divorce at 30, which she reckons enabled her to march up the ladder while men her age were busy building families. "Not that I am happy to have been divorced but I was able to work weekends and all hours of the day and night."

It was timing that first took the young Laing into business studies at polytechnic when few

Jennifer Laing: "It's all about timing"

women were considering that route. She comes from Salisbury from a medical family; her father was a plastic surgeon, her brother is training to be one, her grandfather was a general practitioner - and she always assumed that she would be one or that she would marry a doctor.

"That was till I found out I was lousy at science but quite good at arts," she laughs. And the men in her life have been in advertising.

It was luck that when she graduated jobs were plentiful and she applied "showing no direction at all" for graduate trainee schemes that would now be regarded as blue-chip marketing posts - Marks and Spencer, Procter & Gamble, ICI and advertising with Garland-Compton agency.

Ultimately it was another high-flying woman, Ann Burdus, then research director of Garland-Compton (who later went on to chair McCann-Erickson and now heads the Government's newly formed Health Education Authority) who impressed her the most and took her on at Garland-Compton just before its takeover by Saatchi.

Her career since then has taken in all the major advertising sectors. From fast moving-consumer goods (Rowntree, Schweppes, Nivea) to non-packaged goods (like Wimpey Homes and Trusthouse Forte, which she was instrumental in winning), from contested takeovers (she led the agency's team during the Guinness takeover or Bells, Argyll's attempted takeover of Distillers, United Newspapers' takeover of Express Newspapers) and, more recently, to the newly buoyant sector of corporate advertising that was largely inspired by the merger mania seen in recent years.

As one of the very few women in her profession to reach top executive status, her profile was never low though she does not thank anyone for making the gender discrimination. "I don't beat the feminist drum," she is quick to point out and resists interviews that take the "woman chairman" line.

Her strength, she believes, is an ability to make a contribution to advertising strategy - "I think I can help clients distil their strategy, by making them ask the right questions of their business." Then she quickly retracts such claims, concerned she sounds too pompous. "At the end of the day we are after all a service industry, working with some of the best names in the country. I don't want to sound arrogant."

Of her new role, Laing says she's "terrified", though she is confident of the core team now in place at Aspect. She seems far more concerned at her mother's alarm that she's gone to work for a travel agency.

Brand definition

Piling into the fray again

Alice Rawsthorn on UK carpet-makers' raised profile

A TELEVISION STAR of yesteryear is poised to stage a comeback. The white Chinchilla cat which strolled across Kosset carpets in the television commercials of the 1960s and 1970s is returning to the screen.

The Chinchilla's comeback - courtesy of the John Crowther Group, the fast growing textiles concern which now owns Kosset carpets - marks a revival of interest in marketing within the carpet industry. During the cat's hey-day Britain's carpet manufacturers invested in expensive advertising campaigns but in the 1980s carpet marketing fell by the wayside as the industry battled against recession.

Kosset was the last carpet brand to retreat from television advertising in the late 1970s, and is the first to return in the 1980s. The multinational fibre groups - such as the International Wool Secretariat, ICI and Dupont - invest millions of pounds every year in advertising their carpet fibres. Yet last year carpet manufacturers mustered little more than £1m for advertising.

This resistance to advertising is a reflection of the structure of the carpet market in Britain. In the 1980s the multiples have emerged as the dominant force within carpet retailing. Harris Carpets accounted for 12 per cent of the £1.5bn retail market last year, according to Verdict Research, while Allied claimed 8 per cent.

Above all else both Harris and Allied sell on price. This emphasis on price - combined with an influx of cheap tufted carpets from Belgium - has not only imposed intense pressure on manufacturers' profit margins, but has depressed the overall price of carpets. Moreover, if price is the only selling point of a product - why bother to market brands?

But the carpet market is changing. In the past year or so consumers have become much more discerning about design and have been prepared to pay more for it. Volume sales rose by just 2 per cent to 189m sq metres last year, compared with a 9 per cent increase in value. Another indicator of this trend is that the decline of the specialist carpet retailers - which tend to sell on quality and service - has halted.

Crowthers, which took over Kosset when it acquired Carpets International two years ago, aims to position Kosset as a brand within the middle market. The group, which became the second largest carpet manufacturer in Britain when it bought CI and Weavercraft, has spent the past two years rationalising and restructuring the businesses.

The Kosset cat has returned to press ads and will soon reappear on TV. Kosset was the last carpet-maker to leave the small screen and will be the first to pad back

It experimented with press advertising last autumn and has invested £1m in a television campaign created by the advertising agency, Bartle Bogle Hegarty. If all goes well then Crowthers intends to invest in a more ambitious programme next year. It may also start to advertise its more expensive Crossley brand.

Other carpet companies are also polishing up their strategies to exploit the changes within the market. Tomkinson has spent the past five years positioning its Mr Tomkinson's range as a middle to upper market brand sold through independent retailers. Two years ago it began to advertise Mr Tomkinson's in design magazines. Tintawn, a manufacturer in the Irish Republic, has adopted a similar strategy for its eponymous brand.

Coloroll, which diversifed into carpets with the acquisition of Wallbridge Holdings earlier this year, has just unveiled the first Coloroll Carpets collection. Coloroll has flourished in the home furnishings field by combining stylish design with efficient service and intends to apply the same formula to carpets. The carpets range will be advertised under its £6m "umbrella" campaign through the Bowden Dyble Hayes advertising agency.

Yet Coats Viyella, which became the colossus of the carpets industry when it added Lancaster Carpets to its Donaghadee business with the takeover of Nottingham Manufacturing in 1985, still favours the traditional carpet marketing strategy of offering retail incentives.

Like Crowthers, Coats has spent the past two years restructuring its carpet interests, now rechristened CV Carpets. Earlier this year it began an extensive research programme, including consumer clinics and market analyses. The findings were used in the restyling of its Lancaster and Donaghadee brands and the company is now working on schemes to improve the standard of service to consumers. One project will be the installation of computer screens in stores next spring, which will illustrate how the carpet will look when fitted.

Once the first phase of the research programme is completed, at the end of this year, CV Carpets will consider the feasibility of advertising its brands.

Crowthers, meanwhile, is ploughing ahead with its marketing programme. But there is a hitch. Huggy, which has starred as the Kosset Cat for the past decade, is on the eve of retirement. Crowthers needs to cast a replacement. The beauty contest begins at the forthcoming Chinchilla Society show, with the finals billed for November.

NOTICE TO WARRANTHOLDERS OF

EBARA CORPORATION

U.S.$70,000,000

3¾ per cent. Guaranteed Notes due 1991

NOTICE IS HEREBY GIVEN, in accordance with the Instrument by way of deed poll dated 23rd October, 1986 made by Ebara Corporation (the "Company") in connection with its issue of bearer warrants ("Warrants") to subscribe up to ¥10,887,500,000 for shares of common stock of the Company that the Company has resolved, by its resolution at the annual general meeting of the shareholders of the Company held on 23rd July, 1987, to change its financial year-end from 30th April to 31st March. As a transitional measure, the Company will have an 11-month financial period from 1st May, 1987 until 31st March, 1988 and thereafter its financial year will be from 1st April until 31st March of each following year.

Accordingly, the record dates for the payment by the Company of annual cash dividends and interim dividends (being a cash distribution pursuant to Article 293-5 of the Commercial Code of Japan) will become 31st March and 30th September, respectively, in each year except for 30th September, 1987. (No interim dividends may be paid during the 11-month financial period pursuant to the Commercial Code of Japan.

The dividend accrual period will henceforth be the 11-month period from 1st May, 1987 to 31st March, 1988 and thereafter each 6-month period ending on 31st March and 30th September in each year. Except for the change in the dividend accrual period, the Terms and Conditions of the Warrants shall remain unmodified and with respect to any annual cash dividend or interim dividend payable on the shares issued upon exercise of Warrants, such exercise shall be deemed to have taken effect at the beginning of the dividend accrual period in which it occurs.

The interest payment date in respect of the Notes remains unchanged as 23rd October.

EBARA CORPORATION
Seiji Hatakeyama
President and Representative Director

Dated: 10th September, 1987

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Applicants wishing to discuss this position further should phone, or write to, Rod Leefe at the address below.

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Company Notices

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NOTICE TO HOLDERS:

—of US$ 50,000,000 7% convertible bonds due 1999;
—of FF 800,000,000 1% bonds due 1997 with warrants to subscribe for shares;
—of warrants to subscribe for shares attached to the FF 800,000,000 1% bonds due 1997.

The holders of bonds and the holders of warrants listed above are advised that the proposed partial transfer of assets from MOËT-HENNESSY to HOCHE PARTICIPATIONS was affected pursuant to a decision of the Board of Directors taken on 7 July 1987, in accordance with Article 321.1 of the Law of 24 July 1966, because having failed to obtain the required quorum, the extraordinary general meetings of the aforementioned holders could not validly act on either the first or the second call.

Pursuant to terms and conditions of the contracts of issuance, the notices of the first call of the aforementioned extraordinary general meetings were published on 16 July 1987 in the Financial Times and the Luxemburger Wort and the notices of the second call were published in the same newspapers on 6 August 1987.

THE BOARD OF DIRECTORS

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)
A MEMBER OF THE GOLD FIELDS GROUP
(Registration No. 05/04181/06)

DECLARATION OF FINAL DIVIDEND (No. 79)
UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of dividend No. 79 declared on 18 August 1987, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R 3.3532359 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 7 September 1987, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Final Dividend (No. 79) of 120 cents per Ordinary share is therefore 35.786328 pence per share.

By order of the board,
per pro CONSOLIDATED GOLD FIELDS PLC,
London Secretaries,
Mrs. G. M. A. Gledhill, Secretary
United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL

London Office:
31 Charles II Street,
St. James's Square,
London, SW1Y 4AG
9 September 1987

GLOBAL ALPHA STRATEGY FUND SICAV
Registered in Luxembourg
R.C. B 21435
(formerly Nikko Growth Package Fund SICAV)

NOTICE
EXTRAORDINARY MEETING OF SHAREHOLDERS OF NIKKO GROWTH PACKAGE FUND

NOTICE IS HEREBY GIVEN to holders of shares in Nikko Growth Package Fund that a meeting of all shareholders of this class of shares shall be held at the registered office of the Company at 16, Boulevard Royal, Luxembourg, commencing at 11.00 hours on Friday, 18th of September 1987 to consider and vote upon the following agenda:

1 that the sub-fund known as Nikko Growth Package Fund be terminated and that all assets be realised that net proceeds after payment of all lawful debts and expenses be distributed to shareholders in proportion to their rights.

2 Any other business.

NOTICE
EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF GLOBAL ALPHA STRATEGY FUND SICAV

NOTICE IS HEREBY GIVEN to holders in Global Alpha Strategy fund SICAV that a meeting of all shareholders shall be held at the registered office of the Company at 16, Boulevard Royal, Luxembourg, commencing at 11.30 hours on Friday 18th September 1987 to consider and vote upon the following agenda:

1 That article 26 1 (e) of the statutes be amended to read "C is the Net Asset Value relating to the original fund (being an Amount per share arrived at by applying the provisions of Article 28) less a charge as determined from time to time, not exceeding the maximum permitted by law."

2 Any other business.

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FRF 300.000.000
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For the three months, September 4, 1987 to December 3, 1987, the rate of interest has been fixed at 8.1875 % P.A.

The interest due on December 4, 1987 against coupon nr 4 will be FRF 206.96 and has been computed on the actual number of days elapsed (91) divided by 360.

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London Galleries/William Packer

Busy start to the new season

It may be simply a function of getting older, or merely imagination that, just as our summers seem wetter and shorter, our policemen younger and our children altogether more dreadful, so the autumn season in London's galleries now seems to begin much earlier and is far busier than it ever was before. But the pile of exhibition announcements on my table seems to suggest as much; a quick count gives nearly 40 for this week alone and, having been away, there is last week's and the week before to catch; and all but a handful are by the capital's myriad private galleries. I make no complaint, but equally make no claim to cover anything but a fraction of them.

At Gimpel Fils, in Davies Street W1 (until September 26), there is a small retrospective of the work of Gwyther Irwin, an artist who has clearly been out of sight for far too long. It is more a reminder than a full study, with the major part of it given to his large recent paintings and water-colours with only a few of the works of the late 1950s and early 1960s to take us back to the time of his first success.

Irwin has never stopped working as an artist, nor showing his work, but the simple polarity of this present show does reflect the equally simple profile of his career. He is neither the first nor will he be the last, but merely the latest artist to experience neglect as his work has continued to develop. The only lesson for us to draw from this is never to stop looking at an artist simply because his work has appeared to change, fallen out of fashion and ceased to attract official interest and practical support. What is more remarkable with Irwin is the level at which he enjoyed such support, which reached its apogee with his selection by the British Council to be one of our representatives at the Venice Bienale of 1964.

Quite apart from the quality inherent in the work, the principal interest to us here lies in the relationship to be established between the new and the old; for all the obvious differences of imagery, surface, colour and technique, it is all the product of the same hand and sensibility. That early work took as its stimulus the arbitrarily beautiful surfaces of mature hoardings from which layer upon layer of ancient poster have been torn away. The collages he made from such material that eventually took him to Venice, are gentle and seductive things, subtle in colour, soft and exquisitely careful in the tearing of each element. Strip by strip laid out in long rows, they establish an informal, delicately casual interstitial grid that lies parallel to the picture plane and quietly interrupts the appropriated, abstracted surface imagery of the collage.

The leap to the new work, so brightly coloured and large in scale and with its use of obvious reference and figurative imagery, seems much greater than it is. For behind the immediate ideas and images the same formal intelligence is at work, teasing and fracturing the picture plane and overlaying image with structure and again structure with image. Although manifestly paintings, they bespeak nevertheless the long practice and experience of the consummate collagist. Of all these new works the water-colours are the most remarkable, large as water-colours go and yet with all the authority and energy of the largest of his canvasses.

★

Brendan Neiland, whose latest exhibition is at Fischer Fine Art, in King Street, St James's SW1 (until October 9), shows regularly and his work is familiar, but for me this is as strong and encouraging a show as he has had. The imagery is much as it has been for some time, working with the facades of modern office blocks and skyscrapers and the reflections they afford of the sky and cloud and other buildings. He has refined the technique of masking and spraying by which he treats this material to such a point that his larger canvasses are something of a tour de force. But now he has also chosen to work, as a complementary extreme, upon a very small scale indeed, which immediately brings to his work a concentration of image, a density of surface and an overall quality of abstraction, of a most peculiar and intriguing intensity. It remains to be seen whether this smaller arena will lead him to lay down his gun at last in favour of the brush.

★

At Angela Flowers, 11 Tottenham Mews W1 (until October 3), the space is shared by a painter and a sculptor, Amanda Faulkner and Judith Cowan respectively, in a strong and generously compatible show, though the one is a figure painter of sorts while the other makes strange large vessels that might be pots or boats. Miss Faulkner's works are all on paper and get ever larger, but the quality of her expressionist invention grows more convincing too, and her handling stronger and more confident. Miss Cowan is more a quiet surrealist, with her overblown bizarre still lifes — her boat sails through the centre of the room holding a bronze branch as though it might be a long dried twig in an old pot. These two artists make an impressive pair.

★

Finally, as is now its habit, Sotheby's takes this chance before opening its new season to fill its galleries with something special in the interests of charity. *Chanel* (until September 13) is a celebration of the life's work of the great couturière by way of more than 70 historic models, the earliest dating from before 1920 and the latest 1970. The consistency of such distinctive stylistic authority extended in such variety over so many years is remarkable. And while perhaps the later designs, by virtue of their familiarity, may not be so surprising, the mass of the earlier work is wonderfully seductive. Great design never quite transcends its moment in the way that great art becomes free, but it can define it in the most poignant way, and here this extraordinary collection of women's clothes has to it a decided cultural and historical definition. The only disappointment is that they should be shown on dummies and not on the beautiful women who once wore them. The art of fashion, such as it is, is a lively art or it is nothing.

The charity to benefit by our interest in Chanel is St Mary's Save The Baby Fund, which has grown up around the work of the Departments of Obstetrics and Paediatrics at St Mary's, Paddington. Women at particular risk and their children unborn or premature will all benefit.

Coco Chanel: photograph by Cecil Beaton

Glyndebourne's 1988 programme

The 1988 Glyndebourne Festival will run from May 16 to August 15, with a total of 74 performances of six operas including three new productions.

These will include Janacek's *Katya Kabanova*—performed at Glyndebourne for the first time, and for which "surtitles" will be used, also for the first time.

Verdi's *Falstaff*, conducted by Bernard Haitink and directed by Peter Hall, and a new Nigel Osborne opera, *The Electrification of the Soviet Union*, to a libretto by Craig Raine, which will be premiered by Glyndebourne Touring Opera this autumn, are the two other new productions.

The revivals are Verdi's La Traviata and the Ravel double bill of L'heure espagnole and L'enfant et les Sortileges — both new in 1987—and the 1980 production of Mozart's Die Entfuhrung aus dem Serail.

Art for the City

Between September 14 and October 2 the Financial Times, in conjunction with Lloyd's of London, is mounting an exhibition of contemporary art in the new Lloyd's building in Lime Street.

On September 28 from 6.15 onwards there will be a private view for FT readers. Anyone wishing to attend should send a s.a.e. (*minimum* 4 x 9 ins) to the Press Office, Bracken House, Cannon Street, London EC4P 4BY.

Royal Philharmonic/Albert Hall

David Murray

Chiaroscuro subtleties are not what the Albert Hall seems to invite, let alone accommodate, but Tuesday's Prom was rich in them. The main work, Ravel's *Daphnis and Chloë*, is often enough played for big-orchestra thrills; André Previn conducted the Royal Philharmonic in a performance that missed none of the dramatic heights, but dwelt to lovely effect upon the tender half-lights of the score.

Neither of Ravel's principal inspirations, the late-classical Longus tale and Watteau, would have proposed sensational effects. Ravel's few forceful numbers are carefully planted where the ballet needed ballast; otherwise, his *Daphnis* music—and it is significant that there is nothing forceful for the virginal hero himself—is a sustained study in recherché harmonies, wistful cadences, a few key phrases revolved through different lights.

The Royal Philharmonic made all that glow, with Previn's experienced and sympathetic guidance (he is often at his best in this stretch of the French repertoire). If his relaxed tempi sometimes denied Ravel's staccato trumpet-bursts their intended brilliance, the orchestral playing was always musicianly. The silken but precise string-playing was a continuous pleasure, expressively poised in the mime-episodes and unusually well-defined for the Nymphs, who standardly have to make do with an indeterminate rustling.

Nigel Kennedy began the concert in Walton's Viola Concerto, in which slightly sinister chiaroscuro is part and parcel of the conception—the viola naturally invites it. In fact Kennedy brought his more insistently pointed violin-style to the instrument, with less of the viola's introverted mildness than regular players cultivate. It served the Concerto very well here, carrying expressively further into the hall than might have been expected, and reinforcing the passages that have Walton's peculiar snap and bite. Again Previn kept the orchestral colours in delicate order, properly haunted and suggestive.

The Taming of the Shrew/Stratford-upon-Avon

Michael Coveney

Jonathan Miller, making his directorial debut with the RSC at Stratford-upon-Avon, has done away with the Christopher Sly Prologue to *The Taming of the Shrew* and, even more mercifully, the NCP underground brick car park that had thus far been the season's permanent set.

Instead we have an architectural town folly that in functional contours and woody facades, interpolated with peep windows and grills, resembles some surrealistically dismembered Chinese box. Stefanos Lazaridis's concept of Padua with its ramp and azure sky is a farcial skateboard on which suitors gather to bicker and disguise themselves for material improvement.

Miller has twice done this play before: at Chichester with Anthony Hopkins and on BBC TV with John Cleese. As he has described it in his book *Subsequent Performances*, the play for him is a document of a Puritan marriage pact in which obedience and stability were Calvinist essentials. His reading is radical in that it challenges the predominant RSC philosophy of appropriating Shakespeare, warts and all, to contemporary culture. A recent Cressida was never going to be a slut. Katherina, almost traditionally, mumbles the submission speech through clenched teeth.

The Puritan marriage was founded on a recognition of the woman's place in it. This had to do with a wider view of man's place in the world. In rising to the challenge of Kate's supposed shrewishness, Petruchio adopts her own social tactics and throws back in her face an exaggerated and distorted view of herself. Pursuing this notion seriously, Dr Miller invests the farce with seriousness, rescues it from embarrassing unfunniness and drives a wedge of experience acquired by experiment through the fluttering approaches in the sub-plot of Bianca's suitors.

Alastair Muir

Brian Cox and Fiona Shaw

But Miller is no strained Puritan himself so we have genuinely diverting comic play from Bruce Alexander's Tranio given a lifetime's opportunity to indulge his superior learning and simultaneously take class revenge in a silly accent and throughout an almost electric sensitivity to master/servant relationships that runs the play straight on to Beaumarchais and Marivaux.

Barrie Rutter's superannuated skinhead of a Grumio does not just goon around playing second fiddle, but dive bombs Petruchio's domestic staff with sodden socks after the forlorn journey (scoring a delightful direct hit on opening night) and sews a tattered cloak while Kate tries to raise a meal.

That scene is transposed to a de Chirico madhouse with Griffith Jones's tottering Mr Pastry echoing his master's voice and Brian Cox orchestrating a theatrical demonstration of what it really means to push your fellow human beings around. The tailor's scene, for once, is a tragedy of abused art in fashion, more painful even to the battered Kate than the starvation diet.

Brian Cox turns up for the wedding like some outlandish Davy Crockett, trailing bits of animal and joining his own reception committee to goose it from the rear. His Petruchio is a serious adventurer, bent on wiving it wealthily but responsive to a challenge. Fiona Shaw's pliant, impulsive, gangling and wholly beguiling Kate offers that challenge. You only have to compare her with the prim dalliance of Felicity Dean's strongly original Bianca (with a taste for the odd tipple) to see why.

Fiona Shaw amasses a pile of inventive reactions to the educative process initiated by Petruchio—in Shakespearian comedy it is usually the girls who give the social etiquette lessons — and comes glowingly through her ordeal with a golden acknowledgement of not defeat —far from it — but of having found something and someone worth living with.

Lucentio (Alex Jennings) and the John Fortune-like Hortensio of James Fleet have not enjoyed a similar success. Perhaps, at the end, it is this wonderful production's greatest achievement to show that the farce is really about the deepening of experience. It certainly seems like that in the beautifully composed finale feast.

The gorgeous costumes are by Martin Chitty and the sumptuous festive pastiche score composed by Stephen Oliver and played onstage, in lieu of the Sly crowd, by a band including cornetti, shawm, sackbut and

Thursday's Ladies/Apollo

Claire Armitstead

For anyone who despaired of the West End's inclination to put its money behind its imagination, here is a richly intelligent play by a French writer, which does for three elderly women something of what *I'm Not Rappaport* did for two elderly men at the same theatre last year: it places them bang in the centre of the stage and proves that their feelings, their thoughts and their memories are interesting enough not to be squashed into the straitjacket of cameo.

Thursday's Ladies does have the box office benefit of three of our most gifted actresses — Dorothy Tutin, Sian Phillips and Eileen Atkins — working together for the first time. But their achievement is not in virtuoso displays of individual brilliance; it is in the orchestration of three distinct voices into a concerto of love, life and loss.

Les Dames du Jeudi is the work of the leading French actress Loleh Bellon, and is translated by Barbara Bray into an English one step removed from the robustness of everyday usage so that harmless enough insults such as "idiot" or "tart" carry the full weight of schoolgirl cattiness. Its mood is elegaic and elegant, concentrating on the friends, whose tea parties in their sixties are fired by the good and bad times they have shared and the ghosts that lie between them.

Sonia (Dorothy Tutin) is a hot-blooded Russian emigrée who has survived the ravages of several divorces to fall prey to a worthless scrounging son; Helene (Sian Phillips) is a wealthy spinster embittered by the loss of her beloved brother Jean to the bookish, drily humorous Marie (Eileen Atkins), who in turn has never quite recovered from his death 15 years earlier.

The chronological shifts are delicately signalled, sometimes bemusingly so, creating a momentary impression that the three old ladies have suddenly lost their wits and taken to mimicking each other in ballet or tango. Very little of any moment actually happens in the 1½-hour interval-free play, and it is a mark of Frank Hauser's fine direction and the consummate acting that it holds the attention all the same.

Tutin opens and shuts the evening as Sonia, curled up like the girl she is at heart on the draped divan of her huge, tatty Parisian living room. In between lies an entirely captivating portrayal of flirtatious adolescence giving to defiantly sexual womanhood. Of the three, hers is the most magnetic performance, but it gathers its strength — in part at least — from the gangling, gauche childhood of Atkins' Marie and the up-tight decreptitude of Phillips' Helene, whose face seems to retreat from her fiercely jutting chin in vindication of the old maid that existed even in the little girl.

SthqfimeeliCMmhgbn

In the background lurk the idealised spectre of the departed husband and brother (Jeremy Brundenell) and the cuckoo-like reality of the wastrel son (Albert Welling), whose profligacy unites the two sisters-in-law in concern for Sonia's welfare.

Each woman has her terrors and each her irritations, but it is by no means an entirely depressing evening. Old age, à la Bellon, might be partly about the indignity of breaking one's bridge on a cream cake, but it is also about the accumulated strength of companionship that enables one to laugh about it afterwards.

Alastair Muir

Sian Phillips, Dorothy Tutin and Eileen Atkins

Arts Guide

September 4–10

Theatre

NEW YORK

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221-1211).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from an astounding 11,500 hopefuls), then trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, it differs little from the original London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near Ginza. (201 7777).

Annie. The Japanese version of the Tony-award winning musical by Charles Strouse and Martin Charnin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (239 1837).

WASHINGTON

Cabaret (Opera House): Hal Prince again directs Joel Grey as the seductive master of ceremonies in a Broadway-bound revival of the evocative musical of Berlin life in the 1930s. Ends Oct. 3. Kennedy Center (254 3770).

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving his finest ever performance as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear, Hopkins, a massive gnarled oak, which gathers force and more friends as it continues in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (242311).

Exhibitions

NETHERLANDS

Overholland Museum (Museumplein 4). Roy Lichtenstein retrospective, with 275 drawings from 1961 to 1986, including preparatory gouache and collage studies for murals. Ends Sept. 13.

WEST GERMANY

Hildesheim, Roemer- und Pelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America – the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000-year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

Kassel: Museum Fridericanum Orangerie: Documenta 8 'World exhibition of contemporary arts': paintings sculptures, theatre performances, architecture and design. The Documenta was founded in 1955 by local painter Arnold Bode with Henry Moore, Alexander Calder, Max Ernst and Joan Miro and is an important venue for modern art. This year director Manfred Schneckenburger presents the works of 150 artists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, Javier Mariscal, Robert Morris, Mark Tansey, Alexander Melamid, Eric Fischl, Leon Golub, Robert Longo and Joseph Beuys. There is also a seperate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

ITALY

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

SPAIN

Madrid, Spanish Pavilion in the international exhibition in Paris, 1937. This show reproduces the space, contents and environment of Spain's contribution to the art world during the Civil War, a means of propaganda by the republican government in search of international aid and support. Some originals, some copies or reproductions include architecture of the pavilion by Lacasa and Sert, Picasso's studies on the Guernica and his Dama Oferente, North American Alexander Calder's Fountain of Mercury, Miro's 'El Payes Catalan en Revolucion' and many more on loan by private collections and museums. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 15.

NEW YORK

IBM Gallery: Post Modern Architectural Visions includes an international array of designers including Michael Graves, Hans Hollein, and Adolfo Natalini with 200 drawings and models of work from 1960 to 1985, originally organised by Williams College and Deutsches Architekturmuseum in Frankfurt. Ends Nov 7. 56th & Madison (407 6100).

CHICAGO

Art Institute: Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in Life Magazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov 8.

WASHINGTON

Hirschhorn Museum: One of the Chicago contemporary primitivists whose repeated scenes make evocative images has his first major east coast retrospective with 49 paintings and four painted constructions. Ends Oct. 18.

Covent Garden chorus rejects offer

The Royal Opera House may remain dark this season, following news that its first two performances have been cancelled because of continuing industrial action by the chorus.

The chorus has rejected a 5 per cent pay offer, forcing the Covent Garden management to cancel the first and second night of Wagner's *Tannhauser* this Saturday, September 12, and next Wednesday, September 16. The future of the company's productions of *Falstaff* and *La Boheme*, due to open later next week, are also in the balance.

A spokesman for the management said yesterday that they were continuing to search for a solution to the problem. But no furher formal meetings were planned. With the opera house facing a shortfall of £1.3m this season, and this year's Arts Council grant standing at only 1 per cent, a substantial new offer is unlikely. Pay rises for the rest of Covent Garden's 1,000 employees have been restricted to 4 per cent and the orchestra recently settled at that figure. The 5 per cent offer made separately for dancing, would bring the weekly salary of a chorus member to £184.

The cancellation of the opening nights of *Tannhauser* is a bitter blow to the opera house. The production, featuring the German tenor Rene Kollo, promised to be one of the best seen at Covent Garden for some time. Ticket holders can claim refunds in person at the Royal Opera House box office or by post.

Sotheby's sales up 77 per cent

Sotheby's have announced record figures of £837m worldwide for the 1986-87 season, representing an increase of 77 per cent on last year's figures. The company's auction houses in Britain and the US all reported significant increases but the best performer was Sotheby's International, covering activities in continental Europe and Asia, which showed a 135 per cent growth in sales over 1985-86.

Commenting on the company's results, Mr Michael L. Ainslie, president and chief executive of Sotheby's holdings, said: "This was a historic season for the auction world as a whole." In dollars, the company made more than $1.3bn, making it the first auction house to reach and exceed the billion dollar mark.

Apart from several outstanding sales, including 88 works of art sold for more than $1m, Mr Ainslie put the increase down to strong international stock markets and the increased presence of the Japanese at auctions.

FINANCIAL TIMES
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Thursday September 10 1987

The ethos of merchant banks

THERE was never much doubt that London's Big Bang would have uncomfortable consequences for some prominent financial institutions. Yet it still comes as a shock that two top corporate finance executives at the City merchant banking group Hill Samuel have been dismissed after discussing the transfer of their department to another bank without the knowledge of the Hill Samuel board. The idea that a central part of a leading merchant bank's business could be whisked away to a competitor by the people who run it was certainly not in many people's minds when the Big Bang was first mooted.

Hill Samuel, admittedly, is in an invidious position following the unexpected collapse of merger talks with Union Bank of Switzerland three weeks ago. Having argued that it was not big enough to make a mark as an independent group in today's increasingly international financial markets (and lost a chief executive who dissented on this score), its credibility has been severely dented—not least in the eyes of some of its own staff. The fact that this nearly precipitated a large scale exodus none the less raises wider questions about how City ethics and management practice are standing up to increased competition.

The potential defections at Hill Samuel, together with other less eye-catching departures elsewhere in the City, are as much as anything a reflection of a shift in the balance of power in capital markets from corporations to individuals. In this London is simply following Wall Street, where deregulation took place much earlier. The underlying forces at work are increased competition and the frenetic pursuit of market share, which together cause a high premium to be placed on the ability of individuals to create innovative securities products or attract new corporate finance clients.

The spectacular recent rise in the fortunes of Drexel Burnham Lambert, for example, is largely due to a single man, Mr Michael Milken, who founded the junk bond market. At Salomon Brothers, Mr Lewis Rainieri achieved star status through his successful pioneering of mortgage backed securities. The British are more grudging in their admiration of financial entrepreneurship. But some merchant banks, most notably Morgan Grenfell, allowed their top corporate financiers to operate on a very long rein as the takeover boom accelerated earlier in the decade.

The trouble with this development is that the individuals concerned are not always amenable to orthodox managerial disciplines. They may command more loyalty from their staff than the firm itself does. And as Merrill Lynch found out earlier this year, when it ran up enormous losses in mortgage backed securities trading, stars have the potential to break firms as well as make them.

Management has never been the securities industry's strong suit either in London or New York. Yet it faces a huge challenge as a result of deregulation and the growth of global securities trading. The need to impose management systems to cope with the consequences no doubt helps explain why Salomon recently asked Mr Rainieri to resign.

Stars are not a prerequisite of success in financial services. At S. G. Warburg in London the lingering ethos of a German private bank militates against the cult of personality; it has not suffered enough defections to undermine a strong esprit de corps and has survived a corporate raid by Mr Saul Steinberg little the worse for wear.

In the present financial climate, it is even more important to strike the right balance between creative individualism and managerial discipline. The survivors will surely be those whose corporate culture lays emphasis on teamwork — a point that investors, among others, would do well to bear in mind.

Clearer targets for British Telecom

SIR George Jefferson's retirement as chairman of British Telecom could hardly come at a more critical point in the company's history, when it faces a storm of public complaints about its service which are causing obvious embarrassment to the government.

Sir George's admission that at least some of the recent criticisms are justified is a welcome acknowledgement that there is room for improvement. It also underlines the scale of the management challenge facing his successor in sharpening up BT's efficiency and the restoring of its tarnished public image.

But whatever BT may achieve on its own, much of the blame for its poor current reputation leads back to the government, which set too many conflicting goals when privatising it. In seeking to turn BT into a vehicle for wider share ownership and a national industrial champion while preserving much of its traditional monopoly, the government has ended up with a messy compromise.

The top priority now is to improve BT's service to customers. This is only likely to happen if it is exposed to much greater competition. That goal must take precedence over any plans to sell the government's remaining stake in BT.

Consequences of the Honecker visit

IN SPITE of all the advance publicity and the acres of analytical comment, it was always an illusion to believe that the visit to West Germany of Mr Erich Honecker, the East German leader, would produce any fundamental changes. That was neither its avowed nor unexpressed purpose, which in any case could never have been achieved at a bilateral meeting between West and East German leaders in the absence of their allies and superpower mentors. The so-called German Question is so much at the core of the whole East-West relationship that no one should be surprised that Mr Kohl, the West German Chancellor, and his guest did no more than repeat their well-known positions.

Mr Kohl reaffirmed his country's commitment to German reunification, as he is obliged to do by the West German constitution, while Herr Honecker insisted on the need for Bonn to recognise the existence of two German states. No doubt, these familiar pronouncements were intended to reassure their Nato and Warsaw Pact allies, none of whom relish the idea of a strong, unified Germany in the heart of Europe, after their bitter experiences in two world wars. Yet the absence of any solution to basic German problems does not mean that this first visit by an East German leader to the Federal Republic was fruitless or a waste of time.

What the visit has demonstrated, above all, is a new realism in the attitude to each other of the two German states, whose acrimonious relationship has often been responsible for the frequent periods of tension in central Europe during the post-war period. It would probably be unjust to describe Mr Kohl's statements on German reunification as lip-service, but it is certainly true that members of the Bonn Government do not believe that such an objective is realisable in the foreseeable future.

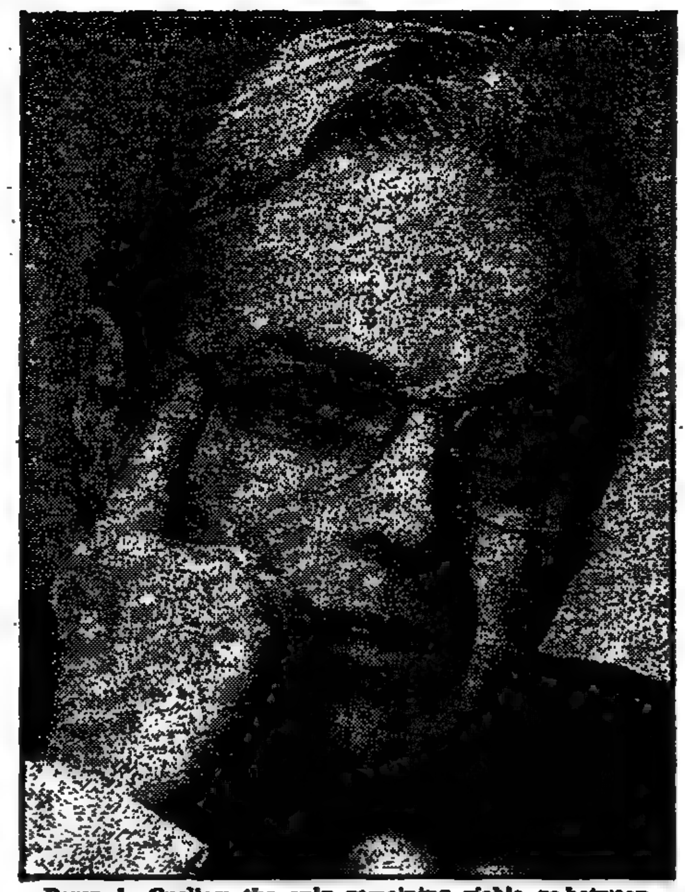
By receiving Mr Honecker as an official guest, Mr Kohl has all but recognised the German Democratic Republic as a separate state, though formal recognition will doubtless never be forthcoming because the principle of one German state is enshrined in the constitution. The reception given to Mr Honecker, complete with national anthems and flags, may have lacked real warmth, but it must have come as balm to the injured pride of a man who has been in quarantine for so long. The least that can be said is that it should facilitate future relations between Bonn and East Berlin.

Those relations, it should be said, can never be completely normal as long as the scar of the Berlin Wall, erected on the initiative of Mr Honecker himself 25 years ago, and the draconian security measures which accompany it, continue to disfigure the physical and human landscape. While Mr Honecker did not make any immediate concessions on human rights, the agreement to improve travel, communications and other personal contacts between East and West Germany is at least a step in the right direction.

Most important of all, however, is the effect that a more normal relationship between the two German states could have on the whole East-West climate. In particular, the creation of a better German political environment could pave the way to a conventional force reductions agreement in Central Europe, which the West has been seeking for so long.

Andrew Gowers assesses Perez de Cuellar's Gulf peace mission

A hope, if only a slim one



Perez de Cuellar: the only remaining viable go-between.

WHEN Mr Javier Perez de Cuellar, the United Nations Secretary-General sets out on his peace mission to Tehran and Baghdad today he will not only be in search of a ceasefire in the Gulf war. He will also be seeking to salvage some dignity for the UN out of the wreckage of its efforts to stop the conflict over the last seven years.

There has been no more obvious test this decade of the world organisation's credibility and effectiveness in performing its central task, which is to maintain international peace.

Mr Perez de Cuellar is going to the Iranian and Iraqi capitals with the united backing of the Security Council and is carrying with him an unprecedented unanimous call for a ceasefire with the full authority of the world community. He is regarded by both the Iranians and the Iraqis as the only remaining viable go-between.

He also appears to have an important sanction up his sleeve. If he returns empty-handed from the Gulf, Security Council members, including the US and the Soviet Union, seem ready to consider imposing a mandatory arms embargo on Iran.

Yet there is a real danger that the trip will none the less fail. Tehran has given no indication that it is prepared to agree to what will be Mr Perez de Cuellar's central demand—the full implementation of Security Council resolution 598, ordering an immediate ceasefire and withdrawal to the pre-war boundary—and continues to insist on international condemnation of Iraq for starting the war as a minimum condition for a settlement.

Baghdad has made its own acceptance of the resolution conditional on Iran's response. By continuing to attack Iranian shipping this week in defiance of a Security Council call for a temporary truce, the Iraqis have underlined that they will not stand down while their foes enter a drawn-out process of negotiation.

The point is that, impressive as the current display of international unity over the war may be, many believe it has come several years too late.

While the Iranians have agreed to discuss the latest UN resolution—for the first time not rejecting it out of hand—Mr Perez de Cuellar's dealings with them are bound to be overshadowed by the legacy of mutual mistrust, mistakes and missed opportunities built up over the last seven years.

Although the UN has not had to deal with two such wayward combatants in recent times, the Secretary-General and his close associates know that the organisation's response to the Iran-Iraq war has, up to now, been utterly inadequate. Security Council members can hardly be surprised if their sudden show of concern has not produced quick results.

The roots of the problem can be traced to the outbreak of hostilities in September 1980. Iraq's unilateral renunciation of its 1975 treaty with Iran and its invasion of Iranian territory on September 23 were widely seen as flagrant breaches of the UN Charter.

This requires member states to "settle their international disputes by peaceful means" and refrain from the threat or use of force. Iraq, while lodging several protests with the UN over political threats from Iran, had made little attempt to negotiate with Iran on the central issue dividing the two countries—sovereignty over the Shatt al-Arab waterway dividing the two countries.

Yet the Security Council, meeting five days after the invasion, could agree only on a relatively bland resolution calling for a ceasefire but containing no reference to Iraqi aggression nor to the withdrawal of its forces.

The outbreak of war found the international community in a state of disarray on several fronts. US-Soviet relations, which have always been the principal axis for any consensus within the Security Council, were in bad shape as a result of the Soviet invasion of Afghanistan the previous December and of US perceptions of a regional "arc of crisis."

Equally important, there was no sign of international agreement on what to do about Iran following that country's tumultuous revolution in 1979. The US was preoccupied with the continuing siege of its Tehran embassy, while the Soviet Union—traditionally allied with Iraq—was looking forward to the possibility of improved relations with an Iran in the grip of violent anti-Americanism.

The Security Council was in no position to deal coherently with a regional war, however dangerous it might at first have seemed and however obvious a prima facie case it presented for UN intervention. As the war continued without provoking wider conflagration, council members sank into a complacency. After their initial flurry of concern, they did not formally discuss the subject for another 22 months.

But the damage was done. Iran made clear that it regarded the Security Council—a body of which it was already intensely suspicious as a result of its support of the US during the American embassy hostage crisis—as hopelessly biased and boycotted all further discussions.

The Iranians subsequently objected to what they saw as the Security Council's reluctance to censure Iraq for attacking ships in the Gulf and for using chemical weapons.

The UN secretariat, by contrast, made better progress. Since 1985 Mr Perez de Cuellar has managed to mediate between Iran and Iraq on a range of limited issues, and also developed an eight-point plan involving a step-by-step approach to a settlement.

Somewhat earlier Mr Olof Palme, the late Swedish Prime Minister whom the Secretary-General appointed as a special representative on the war, came close—perhaps closer than anyone—to a breakthrough in 1982. But these efforts never received the official backing of the Security Council, and his freedom of manoeuvre was limited.

When the 1982 initiative foundered as a result, Iran invaded Iraq and added a demand for the removal of Iraq's President Saddam Hussein to its conditions for ending the war.

All this might now seem academic were it not for the fact that this Iranian demand—imposed at least in part because of what Tehran saw as international bias against it—remains the principal stumbling-block to a settlement.

It is arguable that the Security Council deliberations of 1980 and since were a blow to the UN's authority in general. Delegates to a recent Ford Foundation seminar on the UN and the Gulf war in New York including several senior UN officials and ambassadors, agreed that: "The members of the Security Council had a clear duty to uphold the principles of the Charter. The Security Council may not be a court, but neither is it simply a deliberative body. By appearing to condone Iraq's invasion of Iran, the Security Council . . . further undermined the Charter's credibility."

If leading members of the UN have been by turns divided suspicious of each other or apathetic about the war over the past seven years, that seems to be much less true today. The passage of the Security Council ceasefire resolution on July 20 was the first occasion in the organisation's history on which all five permanent members—the US, the Soviet Union Britain, France and China — agreed unanimously on a course of action and then presented it to the full body

Although Washington and Moscow continue to show distinct signs of mutual wariness in their dealings over the Gulf with the Soviet Union calling for the removal of foreign warships and the Americans maintaining that the Russians do not have vital interests there, it is equally likely that neither side wants such friction to derail their broader rapprochement on such questions as arms control.

If that consensus holds in the event of failure by Mr Perez de Cuellar—and the indications yesterday were that, on the question of an arms embargo, it probably would—there is a chance of real international pressure on Iran to bring the bloody and futile conflict to an end.

An arms embargo would, of course, be deeply flawed and nobody seriously believes that it would completely cut off the flow of weapons to Iran or instantly force the Tehran leadership to the bargaining table.

But as a sign that the permanent members of the Security Council could actually work together on matters of grave international concern—and such co-operation is the only way that the organisation has any genuine hope of becoming more effective—it would be a belated success of sorts for the UN.

THURSDAY BOOK REVIEW

If Voting Changed Anything, They'd Abolish It

By Ken Livingstone

Collins; £12

ALL SORTS of people asked Mr Ken Livingstone for a hand-out of public money when he was leader of the Greater London Council. Two women came in one day with a well-produced prospectus making the case for funding an organisation to be called A Woman's Right to Leg Over. Mr Livingstone explains that "it was intended to provide a commercially available listings guide to men, so that women could know before they went out on a date what the man was like as a lover . . ." As far as he and his colleagues could tell, this was not a hoax. Yet he turned it down. It is hard to see why. After all, the GLC did shell out to both Lesbian Line and Gay Switchboard as well as the English Collective of Prostitutes and some 2,000 other voluntary organisations. Why not the enterprising ladies of Leg Over?

The tale sums up much about Mr Livingstone. He has a ready wit, and will tell excellent jokes against himself, as in the book's opening line: "When I joined the Labour Party in March 1969 at the age of 23, it was one of the few recorded instances of a rat climbing on board a sinking ship." He also laughs at his enemies. After recounting the stories that he says the tabloid papers made up about him, he concludes that "the Princess of Wales has probably had more fictitious pregnancies than I have had vasectomies, but it is a close-run contest." Sometimes a dash of venom shows through. It turned out that in the event of a nuclear war the GLC leader would have been entitled to a place in a government shelter in Essex. "The thought of spending my last days locked in a bunker with Mrs Thatcher's Cabinet while all my friends died held little appeal."

The serious side to all this is that Mr Livingstone does concern himself with the aspirations of a substantial minority of modern society. There is very little here that Marx or any traditional socialist would recognise. Nevertheless his attempt to create a "coalition of the dispossessed" is not entirely irrational. For the precepts of sexual politics do matter to some people. Many homosexuals feel insecure. Some women perceive a need for a champion of feminism as radical as our "Red Ken." Racial discrimination exists. West Indians do not enjoy a proportionate share of the opportunities that should be available to them. Such groups are currently regarded by the mainstream Labour Party as vote-losers. Even Labour's traditional clients—the unemployed, the old, the poor—are being wooed with less fervour than the relatively wealthy and those on their way to wealth, who must be won over by any party that hopes to form a government. Someone has to speak for those who have missed the gravy-train.

Mr Livingstone did it, and overdid it, for five glorious years as head of the GLC. He was wrong about many things—perhaps most of all in his attitude to the IRA, to which he gave the appearance of support. The GLC should have been abolished long before he came to lead it, because it was an unwieldy piece of city government machinery whose financial structure had little meaning to the people who voted for it.

Will it happen again? In the House of Commons they say that Mr Livingstone, freshly arrived this summer as a Labour MP, is ill at ease. This may be true, but if you read his book you will find that he was a nervous new boy at Lambeth Council, and indeed at the GLC itself, before he learned the ropes. He was also a master manipulator, ever on the lookout for ways of defeating his principal enemy—the Right wing of the Labour Party—and asserting the policies of the Left. The story of how the Left worked for years to select the candidates, capture the committees, cement the alliances, and cull the votes necessary to pull off the astounding coup of capturing London itself is told here with great clarity.

It gives the impression of very little genuine concern with policies, and a great deal of attention to the manoeuvres of politics. Of course you stuck to your side, labelled "Left," but you made deals if necessary with the centre or even the Right. This impression is overlaid by another: what Mr Livingstone came to represent was a sub-culture — "scruffy, bejeaned, loud new Labour members" who shocked the "respectable, white, middle-class, middle-aged male" officials who had to serve them in the GLC. A sub-sub offshoot of that sub-culture has now turned on Mr Livingstone: some of his original activist supporters see him as having betrayed their revolution. He has accumulated many friends, as did the Godfather of Mario Puzo's novel which he quotes as illustrative of politics. He has also made many enemies. It is unlikely that Mr Neil Kinnock, the Labour leader, regards Mr Livingstone's presence in the party as an asset. Yet it would be a mistake to assume that Mr Livingstone is now, as he would no doubt put it, a beached whale. "I take a long-term view of politics," he says. "I see it as a marathon rather than a sprint." The Tories must be praying for his good health.

Joe Rogaly

Men and Matters

How the beer goes down

The great British appetite for beer is fading. Last year the British downed 190 pints per person. Heady stuff, one might think, but not compared with the 208 pints per person quaffed just 10 years before.

Britain has even slipped down the international league table of beer drinking. In 1976 it came eighth in the beer guzzling league, but by last year it had slipped to tenth place overtaken by the Austrians and the Irish.

Yet anyone prepared to shed a tear, or two, for the beerage can seek solace in the thought that the more abstemious British reflect an international trend: or so the Brewers' Society's new Beer Facts guide suggests.

The West Germans have clung to the dubious honour of first place in the beer boozing table, but they, too, have become more moderate: cutting down by 11 pints to 257 a year.

The only Western European countries to imbibe more beer now than 10 years ago are Austria, Italy and Portugal. While in Eastern Europe, the more thirsty are the Bulgarians, Hungarians and East Germans. Prosit.

Sandwich man

Rupert Murdoch's Wapping newspapers may be wholeheartedly in favour of the marketplace and enterprise culture but not it appears when it comes to sandwiches.

From the first days of the move to Wapping, sandwich seller John Hunter rode his bicycle through the picket lines to sell his sandwiches to the journalists on the Murdoch national dailies.

Now when times are easier and the barbed wire has gone, a ban has been placed on John Hunter and his sandwiches and he is no longer allowed through the gates.

Senior journalists on the Times were so incensed that they invited him into the Wapping plant as their guest. The ploy did not work—the sandwiches had to stay outside.

Now Murdoch's journos have no alternative but to buy their sandwiches from Gardner Merchant, the company that has had the Wapping catering contract from day one.

"They're more expensive and they're not so nice," said one disgruntled sandwich eater yesterday.

Cash flow

Good to see that NatWest is continuing its cash service to customers at its Felixstowe branch. It has just appointed Mr Penny as manager in succession to Mr Money who has retired.

Light work

Emess Lighting's 1986 accounts, illustrated with ersatz woodcuts and covered with a translucent tracing paper dust-jacket, was the first annual report ever designed by London consultants, David Davies Associates, which had concentrated previously on packaging and retail contracts (including the Next flagship in Regent Street).

But Michael Meyer, Emess chairman, attributes to the report his company's success in convincing the controlling shareholders in Brillantleuchten to sell a 20 per cent stake in the design-led West German lighting group.

"When they saw the annual report, they said: 'If this is the sort of style you have, you're the company we want to do business with,'" Meyer said.

DDA will not only be preparing the 1987 accounts, but it is designing the imminent launch of Emess's new corporate identity which includes dropping "Lighting" from the name.

Slowtime

The exhibition city of Frankfurt may not have shown itself in a very flattering light yesterday—but I must confess to relishing the piquancy of a situation in which the chairman of Daimler-Benz, Edzard Reuter, was 30 minutes late for his press conference at the Frankfurt motor show because of traffic jams.

The trouble began with the late arrival of Reuter's flight. It was compounded by the fact that access by road to the show was nearly impossible, though it does not open fully to the public until tomorrow.

The valiant efforts of the FT's local correspondent to reach the Daimler conference came to nought. After fuming for an hour in dense snail's-pace traffic, he was told curtly that press parking places at the show were full.

Nothing for it, therefore, but to drive on to the office, still hampered by traffic delays. Our motor industry man, Ken Gooding, was equal to the task of reaching the press conference by a less complicated method than private car, so the news got through to the FT.

Ironically, the portentous motto of this motor show is "mobile Vielfalt," which translates roughly into English as mobile diversity. Yesterday morning, the traffic was diverse enough, but its mobility left a lot to be desired.

No lifeline

On the even fo British Telecom's annual meeting, a colleague reckons he experienced the ultimate BT horror story. When he rang to report a fault on his phone in north London, he was told the 151 engineers' number was out of order.

Flower power

The lengths these creative advertising types go to.

Callers at Wight Collins Rutherford and Scott's Drury Lane offices yesterday found the place bedecked with giant floral displays—comprising red gladioli, blue iris, and white carnations.

The reason? The company has just announced a tie-up with the French agency business Groupe Belier.

"A good job it wasn't a German deal," muttered one executive, mightily relieved not to be dealing with the horticultural niceties of red, yellow, and black.

Wheels and deals

Already a Zaitech joke: How many men does it take to make a Japanese motorbike? Three. One to put the bike together and two to trade the bond market.

Observer

ECONOMIC VIEWPOINT

Some home truths on world money

By Samuel Brittan

THE INTERNATIONAL financial conference season is now upon us in the run-up to the IMF and World Bank meetings at the end of this month.

The finance ministers of the seven summit countries will also meet and, most important of all, the inner Group of Five—the US, Japan, West Germany, France and the UK. This group would like to form a world financial directorate, but cannot do so for lack of rules in two senses.

There are no agreed rules of behaviour for club members; and there is no agreement on the underlying rules of cause and effect in the world economy.

Co-operation is based on informal and shifting target zones for the world's main currencies. The uncertainty of the commitments, the disagreement between the countries about the boundaries of the zones, and their liability to shift when the going becomes rough is sometimes described as a system with soft buffers.

Action to maintain the desired ranges takes two forms.

There is widespread belief that the dollar will have to fall further

There are fundamental adjustments of monetary policy, such as last week's probably inadequate increase in the US discount rate.

Secondly, there is official intervention in currently markets (which the French want to boost within the European Monetary System). After decades of debate, it still remains true that such intervention is likely to be helpful only when it is profitable.

For instance, purchases of dollars by the Bundesbank, when the dollar was at its 1979-1980 low near the end of the Carter Presidency, and sales of dollars as the US currency was approaching its Reagan high, were highly profitable as well as stabilising. On a smaller scale, British official purchases of foreign exchange to put a brake on sterling in the run-up to the election and subsequent intervention to support the currency, turned out to be profitable. So, too, did central bank sales of dollars during the modest dollar revival experienced this summer.

The current operations to support the dollar are, however, far more questionable. Whatever reassuring noises are made in Basle, most central bankers and officials hardly disguise their belief that the dollar will have to fall further, but simply want a respite from further pressure.

If so, these operations are bound to be loss-making, although they may have the accidental advantage of boosting the West German money supply. But that is hardly what the Bundesbank wants.

Moreover, intervention against the trend gives far too easy a ride to speculators against the dollar and is thus likely to be unsuccessful.

In the end, the central banks can only affect currency values by the relative tightness or ease of their internal policies. They are well aware that their governments have little idea of what an appropriate set of exchange rates between the dollar, the D-Mark and the yen would look like. And a respectable economist can be found to support almost any set of policies whatever.

The first fallacy surrounding discussion is that each country needs to balance its current accounts or, best of all, be in surplus. In fact, a current deficit matters mainly because it is disinvestment in overseas assets. It is thus only an amber light, which can be disregarded if the deficit is being used to finance profitable domestic investment which would not otherwise take place.

The US payments deficit might seem a case of amber turning to red, as the deficit has been used just to finance the spending of the US Government. But the truth is much less clear cut. For many of the resulting wealth losses have been suffered not by the Americans but by overseas purchasers of dollar assets, especially Japanese holders of dollar bonds. The true balance sheet has yet to be published.

The scale of current account imbalances is exaggerated by headline statistics. US monthly trade figures inflate import values relative to export ones as they are recorded including freight. Even the later more comprehensive figures are wrong. For the sum total of each country's deficit or surplus is not zero, but minus between \$50bn and \$100bn per annum, thus indicating a black hole in the world economy.

When correctly stated, the US current deficit is simply the gap between domestic investment and domestic savings — or to put it another way — between expenditure and output. The *obvious source* of the gap is the US budget deficit, which amounts to negative savings.

But before jumping to any hasty rule of thumb remember Denmark. The latter country has economic problems as well as an uncertain election result with which to contend. Denmark has slashed its budget deficit, but still has a large current payments deficit because private savings have fallen off as government borrowing has declined.

The outlook in the US is for a widening of the budget deficit in 1987-88 after an improvement in the fiscal year now ending. Nor is there any counterbalancing improvement in private savings on the horizon.

There is little prospect of tackling the US payments gap at source before the 1988 Presidential elections. Meanwhile, most purported remedies, whether protection or further dollar devaluation, are worse than the disease.

How does one reconcile the savings-investment approach with the common sense fact that devaluation makes exports more competitive and imports less so?

The answer is that if devaluation is not accompanied by expenditure reductions, it is likely ultimately to be offset by inflation, faster than in the non-devaluing countries. In other words, the devaluation will turn out to be nominal, rather than real.

Many economists will conclude that a deficit country needs both to boost savings and to devalue. The latter is to provide an incentive to producers to shift resources into exports and import savings, rather than just to stay idle, and bring about recession.

But how true is such conventional wisdom? If Texas has a deficit with California, then, to the extent that the deficit is not financed, resources have to move without the aid of currency depreciation, and rely on price and profit signals alone. Are California and Texas more of a natural currency area than Belgium and the Netherlands, or even Britain and West Germany?

Even on a continental scale the conventional wisdom is questionable. Have the switchback movements of the dollar against the D-mark shown on the chart been helpful? Surely, the boom in the dollar in the mid-1980s provided an utterly misleading signal for US producers to concentrate on the home market, which has made it far more difficult for them to change back now that the dollar has plummeted.

The great attraction of devaluation was that it enabled governments to boost demand without an exchange rate constraint. But now that it is clear that the ultimate effects of demand boosting beyond quite narrow limits are on inflation, rather than on output and jobs, the attractions should surely have faded.

To eliminate exchange rate changes altogether would require a world currency as we had *de facto* in gold standard days. Without aspiring thus far it is still crazy to assess required exchange rate shifts on the basis of crudely reported current deficits and in isolation from domestic policies.

Contrary to popular wisdom, it is fiscal policy—including all actions affecting savings and investment—that is crucial for the balance of payments. Nominal exchange rate movements, on the other hand, affect ultimately not the balance of payments but the rate of inflation in one country relative to its partners.

For instance, the dollar surge of the mid-1980s helped to slash the differentially high US inflation rate. Today, on the other hand, a continued dollar fall threatens another inflationary take off, as Alan Greenspan, chairman of the US Federal Reserve, half realises.

Exchange rates cannot, of course, determine the world inflation rate, only relative rates. The average inflation rate is influenced by financial policy in the main countries taken together.

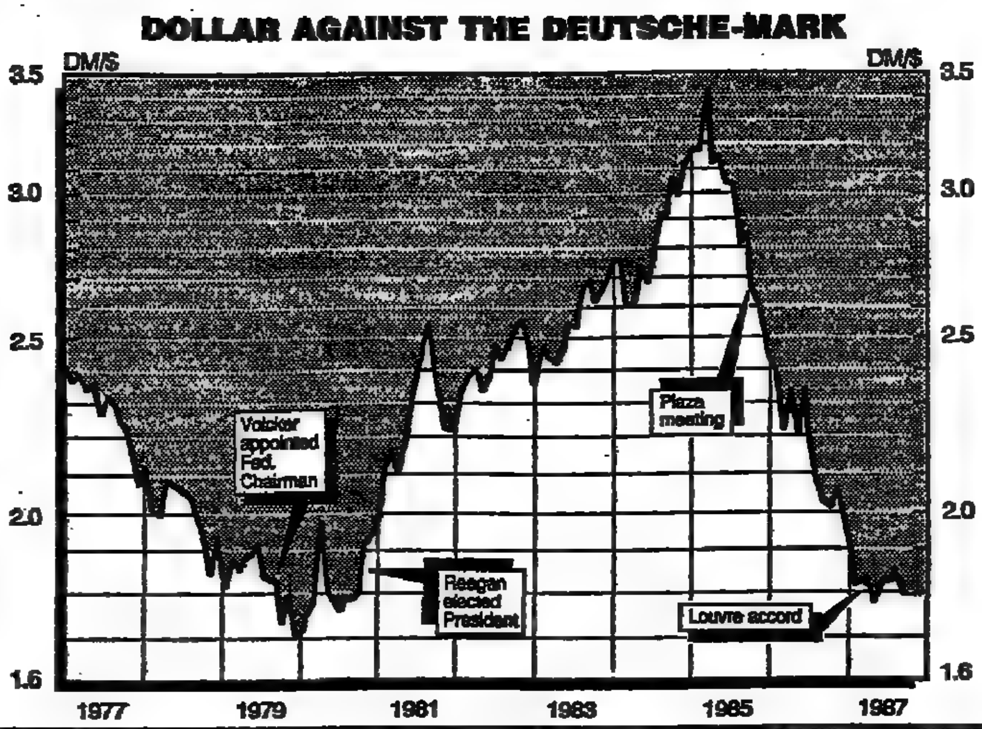
It is vital to find demand management rules at a global level

The important task is to find demand management rules at a global level which will be neither too inflationary nor too restrictive. If this can be done, it would be a relatively simple matter to adjust an individual country's relative monetary stance to maintain reasonable stability of exchange rates.

It is precisely because discussion at forthcoming meetings will not be on this fundamental level that the rest of us need to keep on our toes and refrain from being unduly impressed.

Central banks can only affect currency values by the relative tightness or ease of their internal policies

DOLLAR AGAINST THE DEUTSCHE-MARK



JOE ROGALY

Blinded by colour

AN IMPERFECTION in the Government's strategy for education has become apparent this week. Parental choice, it seems, is not always beneficial. Some parents can be thick-headed. Some can be racialist. Their collection of individual choices can worsen the divisions in society.

The parents of 26 children who have insisted on moving their children to a nearby mainly white school in Dewsbury, Yorkshire, rather than accept places in a mainly Asian neighbourhood school say that their choice has nothing to do with race, to which the reply is — humbug. By all accounts Headfield Middle School (the mainly Asian one) is no worse a local primary school than any other. Its headmaster, Gordon Hibbert, assured me yesterday that his 595 children get the same topic-based group work that is fed to children in most schools in England. It is all done in English, by white teachers, although this very week the first Asian teacher, who was educated at local schools and an English university, started at Headfield. Many of the Asian children are second-generation Yorkshire-born boys and girls: Mr Hibbert himself taught the parents of some of them.

The parents of the 90 or so white children in the school are local residents. Some of the 26 hold-outs mights have asked their neighbours about the quality of education at Headfield, but so far as can be told they have not visited the school itself, or called on the head or his deputy to ask what life is like in a mainly Asian classroom. If they had they might have noted that Asian children tend to do well in school. After all, they come from a cultural background that places special emphasis on education. The national O level results of second generation Asian children bear this out.

That said, it would be wrong to place all the blame for what has happened on these particular parents. The Kirklees Education Authority would have done better to arrange for a fifty-fifty mix in both schools; they are not all that long a distance away from one another. Shielded from the spotlight of national attention, the present case might be soluble. Anyway, some of the Dewsbury 26 probably believe their own voices when they protest that it has been "traditional" to use the whiter school, or that they are concerned about language or religious teaching. If they do harbour such fears they are not unique. I would happily have sent my own children to Headfield, but not necessarily to one inner London school I know of in which a preponderance of first-generation Asian children with a poor command of English is accompanied by widespread use of Bengali.

All of this illustrates the imperfection in the Government's proposal to extend parental choice. The Great Education Reform Bill being prepared by the Secretary of State for Education, Mr Keneth Baker, will provide for parents like the Dewsbury 26. If the bill was now law they would have a statutory right to choose the non-Asian school. The probable effect would be that one school would become all white, and the other all Asian. Some Asians have talked of setting up state-supported Islamic schools, on the precedent of Church of England or Jewish schools.

This sounds fine and dandy, until the question is asked—do we want to create another fistful of British-based nationalisms, on top of the Celtic nationalists we already have? Perhaps it is better to regard Britain as a multi-ethnic society with homogenous schools, just as the United States has attempted to melt down its constituent parts through its own schools. Mr Baker's preference is for all schools to teach the same curriculum, in English. Some parents' preferences will almost surely be contrary to that. Again, you cannot have parental choice without producing a system in which rich or pushy parents get their children into the best schools, leaving the dregs worse off than they are now. The expenditure of more money on the sink schools is a necessary part of any programme to make up for that. *More money?* Yes, more money. The Government may be learning that while parental choice is good for winning votes it is the very devil to put into practice.

Letters to the Editor

Charter flights

From the Chairman and Chief Executive, Britannia Airways

Sir, — I agreed with the greater part of Mr Powrie's first letter (August 12) apart from his conclusion regarding the desirability of maintaining a "second force" airline. I agree with all his second contribution (September 4) in response to Sir Colin Marshall in which he argues so correctly about agreements between states being the problem for effective competition in Europe, and it was for that very reason that I disagreed with his defence of maintaining the "second force" airline.

What difference does BCal as a separate entity make to the *lack of competition in Europe?* When and if European scheduled airline competition comes about, then BCal — independent or amalgamated — is irrelevant, and in the meantime *it is* equally irrelevant except on very narrow arguments. The issues are not complex, but they *do* have some depth, and just as Mr Powrie has exposed the shallowness of Sir Colin's arguments, might I also refer to Mr Lucking's comments (August 25) about priorities for the businessman and the inbound tourist over outbound tourists?

Business passengers were 22 per cent of all UK passengers in 1976. Ten years later the percentage is 16.7 per cent. The trend is down. Most inbound tourist passengers do not mind at which London airport they arrive or depart. They do travel—except on Concorde—with a few business passengers who do. The problem *is* to reconcile these two positions.

The simple suggestion of not allowing outbound tourists (many of whom have contributed to exports or inbound tourism) their choice of an airport from the south-east, when they have already been effectively excluded from Heathrow, is not the answer. In order to provide effective consumer choice and effective use of present and future airport capacity, a solution has to be found which recognises the efficiences of charter compared with scheduled-in passengers per aircraft movement. In 1986 the average number of passengers per international charter movement at Gatwick was 146. The comparable figure for scheduled flights at Gatwick was 92 and has in fact been decreasing in recent years, while the charter figure has been increasing. And the Gatwick charter figure exceeds even the average passenger load of 126 on scheduled flights at Heathrow.

It is the efficiency of charter flights which alleviates desk requirements, runway requirements and environmental factors. This efficiency, consumer choice and interlining requirements have to be acknowledged in the solution.

D. H. Davison.
Luton Airport,
Luton, Beds.

Promoting new airports

From Mr B. Buckle

Sir,—Your correspondent (September 5) is wrong to state that in order to promote the new airports we need, we ought to have a Government policy to "address this issue." What is needed is non-interference by Government and two examples of what can be achieved by private enterprise, unfettered, spring to mind.

John Mowlem is just about to complete the London City Airport at a cost of £30m. It was built on time, within budget and will handle 30,000 aircraft movements per year.

Lydd Airports group has just spent £12m in rebuilding and extending the airport which will now be able to handle 1.5m passengers a year.

Both airports meet the highest environmental requirements and look like being profitable. Neither would have been contemplated pre-Thatcher because of planning and other controls and because of the monopoly position of the then state-owned BA.

Bernard Buckle,
4-5 The Square,
Barnham, Sussex.

Inefficient market?

From Mr R. Higginbotham

Sir—Some years ago you published a series of articles on the efficient market theory of stocks and shares, which carried considerable conviction. It would be interesting to learn whether the London Market is still to be considered efficient. I do not refer to the backlog in settlements, which is supposed to be temporary, but to two other developments.

The attack on insider-trading. Part of the efficient market theory was the belief that everything that is to be known about a share is included in the price. If insiders are inhibited then their knowledge is not included in the price.

The absurdly small lots in which market-makers are prepared to trade in gamma and delta shares. Often one would be prepared to take a lower price to get rid of a reasonable line, but they will not offer. Thus the price is artificially sustained.

Another possible cause of "inefficiency" in the theory sense is the huge proportion of dealings between market-makers themselves. Presumably this to a large extent is mere jousting, with little relation to what is known about the share.

R. N. Higginbotham,
55 Cleaver Square, SE11.

Evolution, not revolution

From the Chairman, Noah Biotechnology Group.

Sir,—In his article (September 5) on "Unnatural selection" Giles Merritt tends to paint a rather frightening image of biotechnology and talks of a farming revolution.

Bovine Somatotropin (BST) is rightly shown as a means of improving the efficiency of milk production but the automatic transmission of efficiency into increased surpluses is erroneous. In Europe, milk levels are determined by quotas, if outputs are thus controlled survival becomes a matter of improving efficiency — hence the role of BST. Socio-economic studies on BST show only minor effects on the structure of the European dairy industry, improving financial security will allow farmers to be less dependent on the farm subsidy system.

If the political will existed savings in production cost could be passed on to the consumer. Biotechnology can benefit all, given the chance, revolution becomes evolution.

C. Davis,
Elanco Products,
Kingsclere Road,
Basingstoke, Hants.

Shareholders' interests

From Mr G. Sewell

Sir,—Barry Riley (September 5) is right to question the maximising *of* shareholders' wealth. There is an implication of optimisation here as well. In today's rapidly changing and often volatile markets there is no chance of achieving either of these objectives.

The Japanese have shown that the answer lies in a strategy that creates wealth tomorrow at the expense of today's bottom line. Such action may well minimise the return to shareholders in the short term.

This issue points again to the long time window necessary to create success and wealth. The pace of change and competition acts the other way to force a shorter time in which to adapt and stay competitive.

Companies need to convince shareholders that wealth is the product of a long time window on profits and a fast response to market pressures.

G. Sewell.

44, Leamington Crescent,
South Harrow,
Middlesex.

Tax and the home

From Mr A. Nelson

Sir, — I have considerable difficulty in following the reasoning of Mr John G. Griffith (September 7) concerning *the exemption from Capital* Gains Tax of one's sole or main residence. So far as I can see, none of the consequences he indicates is a result of this factor, and all would be greatly aggravated were the Chancellor foolish enough to adopt his ideas. He appears to believe that the purchasers of houses buy them in order to obtain the benefit of this exemption, but surely this puts the cart before the horse. House prices rise because of the relationship of demand to supply, and the demand for housing in the south-east is high and rising because of the drift of industry and population to this part of the country.

If CGT arose on the sale of a private residence, the result would be that the seller could no longer buy another house of similar quality in a similar area. The effect on residential mobility would be devastating. Those elderly people who now sell and take smaller properties would certainly largely cease to do so, and the result would be a strangulation of the present supply of houses with the inevitable result that the only available houses would then tend to be new houses. Far from staying on in houses which are too large for them, the elderly today frequently sell and buy a flat, retaining such profits as they make for investment. This would cease, and such houses would cease to be available to even the most virtuous of citizens (though what virtue has to do with it I cannot imagine).

The solution is certainly not that advocated by Mr Griffith. Much more sensible would be the removal of the current absurd rent restrictions which have done more damage to the housing market over a longer time than any other single factor.

A. W. Nelson.

Hedgerows, Orchard Rd,
Pratts Bottom, Kent.

FINANCIAL TIMES

Thursday September 10 1987

Subdued Brazilian reaction to debt plan retreat

BY ANN CHARTERS IN SAO PAULO

THERE was subdued reaction to the retreat by Mr Luiz Carlos Bresser Pereira, the Brazilian Finance Minister, from a plan to convert half the country's $68bn debt to banks into bonds in the face of US opposition, amid awareness that the confrontation was as much Brazil's own doing.

Hoping for a political success, President Jose Sarney revealed the proposal last week, just before Mr Pereira flew to Europe for an international debt conference. The scant details of the plan created a negative reaction from international bankers, who felt they were once again being presented with a unilateral position.

The Finance Minister, according to a Estado de Sao Paolo newspaper editorial, made the error of imposing the proposal before sitting down to negotiations with bank creditors later in the month. At least, the editorial continued, Mr Pereira retreated with honour when he realised Brazil was going down a dead-end street.

Facing crossfire abroad, and certain of more at home, Mr Pereira said: "I retreated a little bit, but only a little," after his meeting with Mr James Baker, the US Treasury Secretary. He accused the foreign press of distorting the proposal and creating the animosity.

Brazilians feel that, for as yet unrevealed reasons, Mr Pereira has tried to put the best face on a return to conventional means of debt negotiation by adopting exit bonds.

A leading economist familiar with the proposal said: "No one naively expected it to be accepted outright, especially since the minister presented it before talking to the parties involved. But it is unlikely that the proposal has been completely abandoned because it creates a politically embarrassing situation".

Future debt negotiations are now likely to be more difficult as a result of the "media trial" of the latest Brazilian proposal. A concern persists that negotiations are not taken seriously enough, and that the precipitous and public debut of the latest proposal did not help to allay these worries.

"This is very messy," one international banker commented. "Brazil is treating the international financial community much like the domestic market - every day a different story."

Apart from uneven support he receives on the foreign debt plan from his political party, the PMDB, which has a majority in congress, Mr Pereira faces tough opposition from ministers and governors who are upset with his efforts to contain public spending. Agreement of the 1988 budget for the powerful state companies is certain to be another pitched battle.

The economy is now officially in its "flexible pricing phase". Petrol and alcohol prices rose 8 per cent last week for the sixth time this year. The number of companies subject to government authorised price increases was increased, while some sectors, such as hotels and imported foods, were told prices could be freely adjusted.

Rents were allowed to increase after the freeze, but are linked to increases in Treasury bills, not to the index by which salaries are allowed to rise. Since Treasury bills are rising faster there are already strong complaints from the population.

Death of Brazilian land reform minister, Page 5

Alexander Nicoll says a new bank loan deal may end moratorium on interest

US scores coup by heading off Bresser

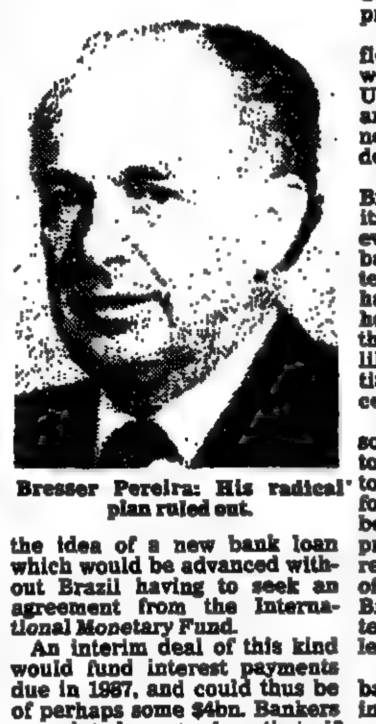
THE US TREASURY'S move to head off Brazil's radical debt securitisation plan has raised the possibility that an interim deal on a new bank loan may be attempted in order to end the seven-month-old moratorium on Brazilian interest payments.

Mr James Baker, the US Treasury Secretary, scored a coup in persuading Mr Luiz Carlos Bresser Pereira, Brazil's Finance Minister, to drop on Tuesday a plan - unveiled less than a week beforehand - to convert compulsorily half of Brazil's $68bn debt to banks into long-term, low-interest bonds.

If seriously pursued, the plan would have completely changed the course of the five-year-old debt crisis. It would have forced quick and substantial write-offs by banks of loans to Brazil and probably to many other countries.

Mr Bresser Pereira has now publicly committed himself to a return to the conventional approach - the most likely outcome of which would be a full new loan and rescheduling agreement next year embodying an expansion of the "menu of options" approach first adopted in Argentina's package this year.

Mr Baker appears in return, however, to have agreed to put the Treasury's weight behind the idea of a new bank loan which would be advanced without Brazil having to seek an agreement from the International Monetary Fund.


Bresser Pereira: His radical plan ruled out.

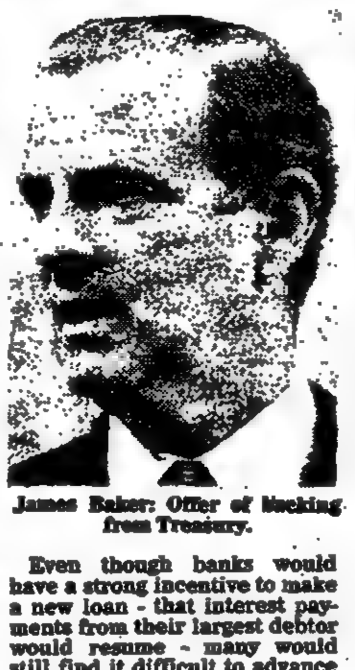
An interim deal of this kind would fund interest payments due in 1987, and could thus be of perhaps some $4bn. Bankers speculated yesterday that if such a request were made, it might include the option for banks either to advance new money or to capitalise the overdue interest - add it on to the principal.

Such a loan would restore the flow of interest to banks. This would be especially crucial for US banks which face new losses and provisions if US regulators next month declare Brazilian debt "value-impaired".

The radical nature of Mr Bresser Pereira's proposal and its hasty withdrawal have, however, raised many questions in bankers' minds about the minister. Their confidence in him had already been eroded since he was appointed in April. At that stage, he appeared more likely to adopt a conciliatory attitude than his crusading predecessor, Mr Dilson Funaro.

He appeared to have no philosophical opposition to a return to the IMF, but has since failed to win the support of his party for such a move. Some bankers believe the highly public approach currently being adopted represents image-making ahead of the November elections in Brazil rather than a serious attempt to address the debt problem.

Support in the international banking community for a quick interim loan could be very difficult to muster, bankers say. Bankers have generally urged Brazil to seek long-term solutions to its problems rather than short-term fixes.


James Baker: Offer of backing from Treasury.

Even though banks would have a strong incentive to make a new loan - that interest payments from their largest debtor would resume - many would still find it difficult to advance money without some assurance about the handling of the economy.

With the annual IMF/World Bank meetings approaching in just over two weeks' time, the leading banks could face strong official US pressure to strike a new deal just as they did at the same meetings a year ago when the US forced through a much more comprehensive package for Mexico.

It was that agreement, however, which then took more than half a year to arrange with the rest of Mexico's bank creditors, and persuaded many bankers that they needed to toughen their approach. It was a key influence on banks' decision to build up their cushions against Third World exposure by making provisions.

The Mexican deal was on terms which banks did not like, with a precedent-setting 13/16 per cent margin over London inter-bank offered rates, and containing few of the financing alternatives on the "menu".

Mr Bresser Pereira has already said that Brazil wishes to pay no margin at all over Libor. Given this week's damaging events, it will be even more important for him politically to be seen to win a victory on this score.

Banks are also likely to be unhappy about Brazil's deferral of a decision on an IMF approach. Even if Brazil was unable to embrace the IMF, bankers have argued that the country must adopt an economic programme which would win the IMF's endorsement if it were asked.

Schlueter to form new Danish coalition

BY HILARY BARNES IN COPENHAGEN AND QUENTIN PEEL IN BRUSSELS

MR POUL SCHLUETER, the Danish Prime Minister, suprised the country yesterday with the resignation of his four party non-Socialist coalition, following an indecisive result in Tuesday's parliamentary elections.

But hours later, after leaders of the nine parties represented in the new parliament had given their advice to Queen Margrethe II, Mr Schlueter said he would be forming an identical coalition today.

Financial markets took the political uncertainty badly, with the share price index plunging 11.5 per cent and bond prices weakening.

One immediate consequence of the election result was to bring into question the stability of Denmark's presidency of the EC Council of Ministers. There was no panic in Brussels yesterday about the immediate future, but in the longer term, any lasting solution to the Community's perennial budget crisis, and real reforms of the Common Agricultural Policy - both on the agenda for the coming months - will need a strong lead from the Danish presidency.

Officials in Brussels still expect this weekend's informal meeting of finance ministers to go ahead, especially in the light of the successful meeting of central bank governors in Basle which agreed on new measures to reinforce the European Monetary System.

The new version of what is known in Denmark as the "four leafed clover" will lack the stable support on which it could count in the last Folketing, or parliament. "We shall present our programme to the Folketing when it reopens on October 6 and then we shall to see who wants to work with us," said Mr Schlueter, after being asked by the Queen yesterday evening to lead the negotiations for the formation of the new government.

The four parties in the coalition are Mr Schlueter's Conservative Party, the Liberals, the Centre Democratic Party, and the Christian Peoples Party. They have a total of 70 out of 179 seats, seven fewer than last time.


Danish premier Poul Schlueter: set to form a new coalition

The coalition's fate now depends on its ability to win the support of two other parties, who fail to agree on anything. They are Radical Liberals, a moderate but pacifist party of the centre, and the right-wing tax-protest Progress Party.

The latter gained a decisive influence on the future of the coalition when it went ahead from six to nine seats. Including the Progress Party and the Radicals, the six non-Socialist parties have a two seat majority of 90.

Mr Schlueter could have soldiered on without the brief dissolution of his government. But he said that it was a better constitutional procedure to resign in order to allow party leaders to advise the Queen.

The six non-socialist parties all recommended the Queen to call upon Mr Schlueter once more.

Upset for markets, Page 42

Moscow may back UN call

Continued from Page 1

gets" which Iraq claimed to have hit on Tuesday night were tug-boats at Iran's Kharg island oil terminal.

In the last two days both Iran and Iraq have sent high level missions to lobby Moscow. On Tuesday the Iranian deputy Foreign Minister, Mr Mohammad Jawad Larijani, saw Mr Eduard Shevardnadze, the Soviet Foreign Minister, who told him that Moscow wanted the war to end as quickly as possible.

Yesterday both Mr Shevardnadze and Mr Nikolai Ryzhkov, the Soviet Prime Minister, received an Arab League delegation, including Mr Tariq Aziz, the Iraqi Foreign Minister, as well as his colleagues from Kuwait and North Yemen, and the Arab League Secretary-General.

The Soviet Union, which is Iraq's major arms supplier, and a frequent target of Iran's Islamic revolutionary invective, clearly leans to the Arab side in the argument and is pleased that the US has been willing to cooperate in efforts to end the war through the Security Council. It has leased three tankers to Kuwait and provided them with a naval escort, which Iran has so far been careful not to challenge.

At the same time Moscow has repeatedly denounced the Western, especially US, naval build-up in the Gulf, and may try to make any UN arms embargo conditional on withdrawal from the area of all extraneous naval forces.

● The latest manoeuvring came as more foreign warships were preparing to leave for the Gulf and a Kuwaiti supertanker hoisted the Red Ensign for the first time. The Netherlands agreed this week to deploy two minehunters in the region, bringing the total number of foreign navies represented to six.

UK telecom chief quits amid criticism

BY DAVID THOMAS IN LONDON

SIR George Jefferson, chairman of British Telecom, flagship of the UK Government's privatisation programme, is to quit at the end of this month.

His surprise decision was announced at yesterday's annual meeting of the giant company which was privatised in 1984. It comes at a time when BT - the UK's chief supplier of telecommunication services - is facing a barrage of criticism over its quality of service.

Sir George has been with BT for seven years and will be succeeded as chairman by Chief Executive Mr Ian Vallance, 44.

Sir George initially intended stepping down last year, but was asked to stay on by fellow directors until the General Election was over and the opposition Labour Party's threat to renationalise BT removed.

While Sir George had given no hint recently that he was likely to go at this stage in BT's development, his decision was seen in the City of London as entirely personal.

In his speech, Sir George said 1987 had been a difficult year because of what he called an unsatisfactory level of service in the first six months, largely due to the telephone engineers' strike in January and February.

The criticism aimed at BT during the summer - although ill-informed in places - had "struck a genuine cord of discontent" among the public, he admitted.

Mrs Margaret Thatcher's Government has made it clear that it is keeping a close eye on the group, whose poor public image has tarnished an otherwise popular programme of state company sell-offs.

Analysts were more surprised by the appointment of Mr Vallance, who as chief executive has been responsible for the day-to-day operations through the period when the company has run into quality problems. Mr Vallance has spent his entire career in BT and its predecessor organisation.

Mr Vallance's emergence to take on the role of chairman as well is seen as evidence that the Government has not interfered in the appointment through its position as a major shareholder with a 49 per cent stake.

Mr Vallance is unlikely to change the company's main strategy, which is based on a massive investment programme to replace BT's outdated network.

The company's first quarter statement, showing pre-tax profits up by 11.8 per cent to £561m, was partly behind a 7p fall in the share price yesterday to 262p.

Widely regarded as highly capable, he is also considered by some to be over-cautious and unwilling to introduce radically new initiatives if BT's performance fails to improve sufficiently as a result of its present policy. He is also unlikely to take major risks in pushing BT outside its traditional business into either overseas activities or manufacturing.

Vallance profile Page 11

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Dubrovnik	S	26	79	Malta	S	27	81	Rhodes	S	25	77
Algiers	S	31	88	Edinburgh	R	15	59	Manchester	F	16	61	Rio de J'o	-	-	-
Amsterdam	F	18	64	Faro	S	28	82	Manila	-	-	-	Rome	S	28	82
Athens	S	28	82	Florence	S	27	81	Melbourne	C	11	52	Salzburg	R	17	63
Bahrain	C	36	97	Frankfurt	F	20	68	Mexico City	-	-	-	San Francisco	S	14	57
Bangkok	S	35	95	Funchal	S	29	84	Miami	S	27	81	Seoul	S	26	79
Barcelona	F	27	81	Geneva	S	21	70	Milan	F	22	72	Singapore	T	30	86
Beirut	C	30	86	Gibraltar	S	26	79	Montreal	C	19	66	Stockholm	F	16	61
Belfast	R	13	55	Glasgow	R	13	55	Moscow	F	16	61	Strasbourg	S	21	70
Belgrade	S	23	73	Guernsey	F	15	59	Munich	S	19	66	Sydney	S	22	72
Berlin	C	17	63	Helsinki	R	15	59	Nairobi	F	27	81	Taipei	-	-	-
Biarritz	C	22	72	H. Kong	S	32	90	Naples	F	27	81	Tangier	-	-	-
Bombay	F	29	84	Innsbruck	F	19	66	Nassau	-	-	-	Tel Aviv	S	28	82
Bordeaux	F	23	73	Inverness	R	13	55	New Delhi	F	31	88	Tenerife	S	34	93
Brussels	S	18	64	Islamabad	-	-	-	New York	S	23	73	Tokyo	F	31	88
Budapest	C	20	68	Istanbul	S	27	81	Nice	S	26	79	Toronto	F	18	64
B. Aires	C	20	68	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	32	90
Cairo	S	33	91	Jersey	F	18	64	Oporto	S	23	73	Valencia	F	27	81
Cape Town	S	21	70	Jo'burg	C	20	68	Oslo	F	17	63	Venice	F	23	73
Caracas	C	39	102	Lima	-	-	-	Paris	S	21	70	Vienna	F	18	64
Casablanca	C	25	77	Lisbon	S	27	81	Peking	S	26	79	Warsaw	F	17	63
Chicago	C	27	81	London	F	19	66	Prague	F	19	66	Washington	S	22	72
Cologne	F	19	66	Los Angeles	Fg	17	63	Reykjavik	F	12	54	Zurich	F	20	68
Copenhagen	F	17	63	Luxembourg	F	18	64								
Corfu	S	31	88	Madrid	S	31	88								
Dallas	S	19	66	Majorca	S	31	88								
Dublin	C	16	61	Malaga	S	27	81								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Daimler and Mitsubishi in van link

Continued from Page 1

when it is put up for sale by the French Government.

Mr Gerhard Liener, the director responsible for Daimler's commercial vehicle division, said the van deal could be signed within six months.

Daimler does not produce light vans because it does not have suitable car components to incorporate in them. Its Transporter heavy van range is 10 years old and not due for replacement for some time. But Daimler's production volume is much lower than its European rivals' and this has an adverse impact on the group's costs.

Daimler will produce more than 68,000 heavy vans at its Dusseldorf factory in Germany this year and 15,000 in Spain. Mitsubishi sells about 25,000 vans a year in Europe.

Mr Liener said the van sector was the fastest-growing in the commercial vehicle business worldwide and Daimler predicted it would continue to be so for the next 15 to 20 years.

As for the potential relationship with Mitsubishi in Japan, Daimler gets access to an extremely strong dealer network there complementary to its existing arrangements whereby it has its own import subsidiary which sells to the Yanasi retailing group. European car producers regularly complain at the difficulty of recruiting strong dealers in Japan.

Referring to the Matra purchase, Mr Reuter said the French company also wanted the relationship to be cemented with a small shareholding. Matra would co-operate with Daimler's new subsidiaries, AEG, the electronics company, and Dornier, the aerospace group on the development of such things as semiconductors, space technology and a wide range of technical systems.

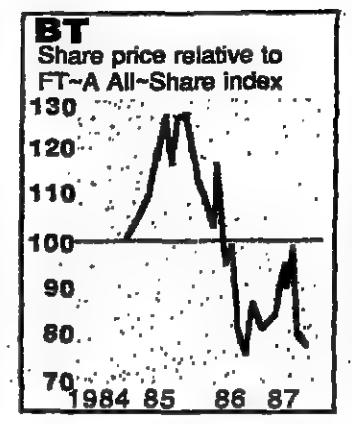
THE LEX COLUMN

BT rings the changes

When a privatised monopoly such as British Telecom is facing intense criticism from its consumers, a tightening of its regulatory framework and the sale of the Government's remaining stake, it is perhaps a good moment for the chairman to leave. The arrival at such a moment of a charismatic leader, able to inspire staff and put it across to customers that something is being done to improve the service, could make a significant difference to the market's view of the stock.

Yet such an opportunity seems to have been missed at BT. Sir George Jefferson's announcement of his departure at the annual meeting yesterday, and the choice of Iain Vallance as his successor, was not what the market wanted to hear. Whatever his merits, Mr Vallance's disadvantage is that he comes from within BT when what is needed is some fresh talent. An outsider could create the illusion (or even the reality) that the culture was being changed and the criticisms tackled.

Indeed, there is a touch of the bad old ways about BT's decision to slow the rate of staff reductions, also revealed yesterday, even if the engineers are needed to improve the service, as BT argues. With a price freeze on, cost containment ranks alongside volume gains as the way to improve returns. Pre-tax profits, up by less than 12 per cent in the first quarter, are rising much less quickly than the industrial average, as befits a lowly-rated utility. Still, with profit margins over 23 per cent and capital expenditure not outrageously high at roughly twice the depreciation charge, there is plenty of scope for Oftel to toughen the regulatory regime in 1989. And with 49 per cent of the equity overhanging the market, the shares have little chance of performing in the short term - barring, of course, a vendor-inspired ramp.



First City Bancorp

The Texas-based First City Bancorp has been at the top of the US bank regulators' problem list for many months and everyone from the Bank of Scotland to the big New York money centre banks has cast their eyes over its battered corpse and decided that it was too expensive to save.

It has been common knowledge that the only solution to its problems, which resulted from an over-dependence on energy lending, would involve a hefty dose of official assistance, and the only question has been how much would be necessary. Yesterday, the US Government unveiled its rescue plan for the troubled bank and it is clear that the costs of cleaning up the bad debts of the US banking system remain exceptionally high.

The authorities are desperately anxious to show that yesterday's bailout of Texas's fourth biggest bank is a very different story from the 1984 rescue of Continental Illinois, the big Chicago bank, which had to be effectively nationalised, in order to restore international confidence. However, the US Government is having to lend close to $1bn in order to persuade an adventurous investor group to chip in $500m of new capital - and it is far from clear that it will get its money back.

P&O

The combination of a 45 per cent rise in first half profits, a one fifth rise in the dividend and the absence of the rumoured rights issue meant that P & O's shares were one of the few bright spots in the market yesterday. Despite the near doubling in borrowings since the year end, the company is very relaxed about the upward blip in its debt load. It also looks as if the traditional strong cash flow in the second half will bring gearing down from a peak of 62 per cent to under 50 per cent by the year end, and to a more normal 40 per cent in the next year or so.

Given the more than £1bn of properties in its balance sheet, the new style P & O can afford to be more highly geared than in the past, and while it is quite prepared to issue more paper for future acquisitions, Sir Jeffrey Stirling has made a point of not having rights issues. Meanwhile, the financial effects of the Zeebrugge tragedy appear to have had a minimal impact on the group's performance. European Ferries suffered some loss of market share in the immediate aftermath, but this has since been recovered. And while the acquisition did no more than break even in the first six months, it should contribute to a strong second half and help P & O earn upwards of £260m, or 46p a share, in the year as a whole.

BTR

The market's recent worries about the big conglomerates were evidently premature. After Hanson's characteristically adroit purchase of Kidde, here is BTR producing 25 per cent organic growth in first half profits and an improvement of two percentage points in trading margins. For each in its way, there is life in the formula yet.

The 14.5 per cent trading margins are particularly significant for a company which puts return on sales at the centre of its philosophy. Never mind the absolute level, just keep it going up. Though there is plainly a limit to this, the group can point to margins three points higher still back in the days before it absorbed Tilling and Dunlop. Again, the image of BTR as being in mature markets is at odds with profit rises of between a third and a half in construction, transportation and sports goods. The market evidently drew the wrong conclusion from the failure of the Pilkington bid - that BTR needs big acquisitions to keep growing. But then, it drew the wrong conclusion about Hanson as well - that big acquisitions were no longer to be found.

Meanwhile, the Stewart-Warner deal just concluded could point to smaller-scale ambitions on BTR's part. This may be no bad thing from the viewpoint of the market, which seems to be leaning to organic rather than acquired growth as a matter of fashion. It is not, however, reflected in the share price. At 344p and on forecast profits of £630m, the shares are on a prospective multiple of 13.5 - smack in line with Hanson.

FINANCIAL TIMES
Thursday September 10 1987

John Wicks examines the up-market aspirations of Canada's leading drinks group

Seagram makes a sparkling move towards quality

CANADA'S Bronfman family, already the largest shareholders in Seagram, might in future own an even larger stake in the Montreal-based wines and spirits group – the world's largest.

"We think we're into a good thing and we should like to increase our share," says Mr Edgar Bronfman. Born in 1929 to Seagram founder Samuel Bronfman, he became a naturalised US citizen in 1955 and Seagram's chairman and chief executive in 1975.

Through the Edgar Miles Bronfman Trust, he owns 16.56 per cent of Seagram's share capital and, with his brother Charles and other family members, owns about 38 per cent of the company's common stock.

The family's satisfaction with its investment is understandable. Including income from its 22.6 per cent stake in Du Pont, the largest US chemical group, Seagram's net earnings are seen as rising to more than $500m for the current year ending January 31, compared with $423.5m in 1986-87, with turnover due to increase from $3.34bn to an estimated $3.5bn.

Although large sectors of the international wine and spirits business are beset by flagging markets, Seagram sees further expansion ahead. But this will be angled very much at profitable premium brands rather than at volume growth.

In fact, over the past two years, Seagram has been carrying out an active divestment programme to reduce its presence in the lower price brackets. It has disposed of such leading US wines as Paul Masson, Taylor, and Great Western, as well as various non-US labels including Ricasoli and Tonino in Italy, Bodega Palacio in Spain and a stake in New Zealand's Montana wines.

At the same time, there has been significant growth in the considerably more lucrative fine wines sector.

The group has long had substantial holdings in this field, among them the house of Sandeman, the Mumm and Perrier-Jouet champagne companies, the German sparkling wines Mumm-Sekt and Matheus Mueller "MM" and the distributors Barton & Guestier, the largest single US importer of French wines.

In California, it bought Sterling Vineyards in 1983 and has since doubled the unit's acreage largely due to the acquisition of the prestigious Winery Lake spread.

"We are dedicated to expansion in fine wines," says Mr David Sacks, Seagram president. He adds that the company is "constantly on the lookout for good agencies and brand names, both in the US and elsewhere."

The rationale behind this is not just a quest for quality as such. The market for table wines, says Mr Sacks, is falling off everywhere, while that for premium labels is holding its own or improving.

Edgar Bronfman

SEAGRAM yesterday reported a sharp rise in second-quarter earnings to $139.4m or $1.46 a share from $116.7m or $1.23 a year earlier, taking the first-half total to $255.2m or $2.67 a share against $216.1m or $2.27, writes Robert Gibbens in Montreal.

The increases reflect strong international sales, a slowing decline in North American alcohol consumption, and dramatic growth in cooler sales in the first half of 1987.

Sales and other income was $1.7bn for the six months ended July 31, against $1.4bn a year earlier, and net income from spirits and wines was $67.3m against $35.7m.

Seagram's sparkling wines seem to be doing particularly well: Mumm and Perrier-Jouet today account for 25 per cent of the US champagne market; the two German brands are said to be "doing spectacularly"; and Seagram last year bought the Italian sparkling-wine producer Maschio to strengthen its position on a generally "dynamic European market."

Any purchase of new acreage, though, seems likely to be concentrated in the US, with its large number of so-called boutique wineries. Mr Bronfman says the company would just as soon import from other countries as own vineyards here.

Seagram, of course, remains a major player in the international spirits business with whiskies (and whiskeys) such as Chivas Regal, Glenlivet, Crown Royal and Four Roses, the Myers and Captain Morgan rums and Seagram's gin. Here, the group is gaining market share but in a generally declining market: Chivas Regal is today the top-selling premium scotch, while the gin brand is the US market leader.

There have been recent acquisitions such as the Scharlachberg brandy company in Germany and Piave, the Italian grappa company. But overall, there is less interest in this sector than in wines.

Mr Sacks admits that among his dreams would be the addition of a "standard scotch" on the US market, a premium US whiskey or a premium brand of gin. But none of these seems likely to be realised in the foreseeable future.

Much more interesting is the range of "cordials," a term which in the US includes everything from liqueurs to flavoured schnapps. Consumption of these is growing fast in the US and Seagram intends to continue its expansion there. It has recently acquired an initial 37.5 per cent stake in Aperol, an Italian aperitif company, as well as contracting to buy a French manufacturer of creme de cassis.

Whatever the case, the alcohol-beverage business offers only finite growth for a growth-minded company like Seagram – and one with high and rising income levels.

The question of how to expand outside the traditional field of operations will now arise. Apart from a probable further buy-back of a little more of its own stock, the company will have to look at alternative investments before the end of the century.

"We have not been idle," says Mr Bronfman to the question of such diversification. "We have looked at a lot of things – but we're not particularly anxious to chase anything at present. Something may happen but we're not in a restless mood."

For the time being, Seagram seems unlikely to raise its participation in Du Pont. It had originally acquired a 20.2 per cent stake in a 1981 transaction involving a large packet of Conoco shares. Seagram has since expanded this shareholding to 22.6 per cent.

Although it has the right to raise this further to 25 per cent before April 1989, Mr Bronfman says that "the way the market is, I don't think I could talk my board into this." In any case, he adds, Seagram is already treated as if it held a full 25 per cent by an agreement on board representation which comes into effect in 1989.

Mr Bronfman says he is very happy with the Du Pont shareholding. In response to claims that his family is already bringing pressure to bear on the Du Pont mangement in Wilmington, Delaware, he contends that "we exert less influence than would be permissible."

He says the family has "a superb relationship" with Du Pont and thinks highly of its management. "It would be wrong to impute that our presence had forced them to do the things they have done," says Mr Bronfman though he does add, "but they may have done them a little faster."

Volvo GM Truck to spend $100m on US capacity expansion

BY KENNETH GOODING IN FRANKFURT

VOLVO GM Truck Corporation is to spend $100m to expand capacity and develop products in the US.

This follows the decision by General Motors, the world's largest motor group, to hand over its heavy truck operations in the US and Canada to the new company 76 per cent owned by Volvo of Sweden which will formally start operations next January.

Mr Sten Langenius, president of Volvo Truck Corporation, said during the run-up to the Frankfurt motor show yesterday, the money would mainly be spent at the New River Valley plant in Virginia, but the Orville Ohio facility, previously a cab assembly plant, would be expanded so it can assemble GMC Brigadier trucks.

In the long term, capacity at the plants would be doubled from the current 12,000 a year but, as a first step, capacity would be lifted by 20 per cent to 25 per cent.

The Volvo Company expects eventually to transfer all heavy truck production from GM's Pontiac, Michigan, factory to the plants being expanded, but Mr Langenius said no decision had yet been taken about the timing.

Last year GM sold 10,000 heavy trucks in North America while Volvo White, a Volvo subsidiary, produced 11,000.

Mr Langenius also revealed that the Volvo GM organisation had selected about 250 dealers from the combined network of 520. About 140 of that number would sell Volvo GM trucks exclusively, representing a significant strengthening of Volvo's network in the US.

Mr Langius said Volvo's truck plants in the US and Europe were currently operating at full capacity. This would more than compensate for the effects of a 25 per cent drop in demand in Australia and Brazil, and the almost total absence of sales in the Middle East. As a result Volvo would produce worldwide at least 2,000 more trucks this year than the 43,600 in 1986.

Gulf + Western boosted by publishing division

BY JAMES BUCHAN IN NEW YORK

GULF + WESTERN, the diversified US services group, yesterday extended its string of successes with a 25 per cent increase in third-quarter earnings to $102.6m or $1.66 a share.

The earnings increase, which was due primarily to a strong improvement in the group's publishing operations in the quarter to July, helped Gulf + Western stock rise $1⅛ to $84⅝ in early trading yesterday.

Sales revenues rose 10 per cent to $1.2bn in the July quarter. The group, which has recently been transformed from a heavyweight industrial conglomerate into an entertainment, publishing and financial services concern, said that its Simon & Schuster subsidiary enjoyed strong sales of school books as well as good performances by its consumer and international titles.

Paramount, the group's Hollywood studio, produced a string of hit summer movies, including Beverly Hills Cop II and The Untouchables. Paramount consolidated its position at the top of the industry with 20 per cent of box office receipts in the first eight months of this year.

Gulf + Western's financial services operations made advances in all its main businesses, despite an increase in bad consumer debts.

Benetton in financial services deal

BY ALAN FRIEDMAN IN MILAN

BENETTON, the Italian clothing group which has embarked upon an ambitious diversification into financial services, yesterday announced the purchase of 35 per cent of Euromobiliare Gestione, the fund management company owned by the Milan-based Euromobiliare, a leading investment bank.

The purchase, carried out by Benetton's In-Holding financial services subsidiary, will also see the latter acting as distribution agent for four different Euromobiliare mutual funds. Financial terms of the deal were not disclosed, but it has been learned that Benetton is paying between L2bn ($1.5m) and L3bn ($2.3m) for the stake in Euromobiliare Gestione.

Three Benetton group executives are to join the board of Euromobiliare Gestione. They are Mr Giovanni Franzi, the former investment banking chief at Merrill Lynch in London who is now managing director of In-Holding, Mr Gianfranco Cassol, who runs In-Holding's distribution network, and Mr Gianni Mion of the Benetton family company.

With this latest move Mr Franzi is now piecing together at In-Holding a financial services group involved in leasing, factoring, mutual funds, personalised portfolio management, insurance products, securities underwriting, currency and interest rate swaps, distribution of financial products and corporate finance in general. The aim is to achieve a 50-50 mix between clothing and financial services in Benetton group revenues.

Rada increases forestry stake

By Dai Hayward in Wellington

RADA, the New Zealand investment group, has achieved its target of obtaining 44 per cent of the shares in New Zealand Forest Products (NZFP). It will continue buying at its offer price of 590 cents (US$3.10) a share until tomorrow afternoon to give small investors the chance to accept the offer.

Since it made its bid on Wednesday, it has acquired 29m shares, including 12m secured off the market from institutions.

Enserch regroups unit

BY OUR FINANCIAL STAFF

ENSERCH, the Dallas-based energy group, plans to restructure its loss-making oilfield services segment and sell 20 per cent of the reorganised assets.

The company said a registration will be filed with the US Securities & Exchange Commission concerning the proposed sale. It added that proceeds will be used to reduce outstanding debt.

The new organisation will succeed to the name and most of the current business activities of Pool Co, a wholly-owned subsidiary. Oilfield services contributed 10 per cent of Enserch revenues last year, but had an operating loss of $27.8m.

Enserch said details of the proposed restructuring and public offering will be available when the registration statement is filed later this month.

It said no management changes are contemplated. "Establishing a market value for Pool Co should be well regarded by Enserch shareholders as well as by employees of Pool Co," the company said.

INTERNATIONAL COMPANIES and FINANCE

Bond secures Kalgoorlie takeover

BY CHRIS SHERWELL IN SYDNEY

NORTH KALGURLI MINES, the large gold mining operation controlled by Mr Alan Bond, the Perth entrepreneur, through his private family interests, announced yesterday that it has secured 65-70 per cent of Gold Mines of Kalgoorlie in its A$575m (US$420m) takeover bid.

The announcement came with publication of the group's results, showing that for the year to June the gold boom and another two takeovers had brought a near-trebling of after-tax earnings and a doubling of revenues.

North Kalgurli Mines first unveiled its takeover of Gold Mines of Kalgoorlie two months ago, when it purchased a 19.9 per cent stake in the target company from Western Mining.

Alan Bond: gains control of the Golden Mile

The bid closed yesterday, and the precise number of acceptances will be disclosed today.

But the group said that preliminary figures indicated acceptances of between 65 and 70 per cent.

The deal gives Mr Bond control of the fabled "Golden Mile" in Kalgoorlie — the West Australian mining town which is at the heart of the country's richest gold producing area.

Mr Bond, 49, whose interests include brewing and media companies, announced last month that Dallhold Investments, the private company holding his family interests, was to spend US$500m buying 90 per cent of St Joe Gold Corporation in the US.

These moves establish Dallhold and its associated companies as one of the largest gold producing groups in Australia. The group expects to be producing more than 1m oz of gold per year by 1990.

Yesterday's figures for North Kalgurli Mines showed a dramatic rise in operating profits after tax from A$7m to A$20.4m. Revenues surged from A$42.4m to A$87.7m.

The results include only a small portion of the profits of Windsor Resources, which was taken over during the year, and none from Hampton Australia, where a bid for outstanding shares remains open.

The company said operating results of the group flowed from attributable gold production of 134,500 oz, which compares with 91,700 oz the previous year. Windsor's production amounted to 21,900 oz, and Hampton's 8,100 oz.

Girvan to rank third in Australian property

BY OUR SYDNEY CORRESPONDENT

GIRVAN CORPORATION, a privately-owned construction and property development company, is expected to become Australia's third largest earner among quoted property groups after it becomes publicly listed this month through a reverse takeover and a A$154m (US$112m) placement of shares and notes.

The company will remain under the control of Mr Paul Peterson, 39, who joined it in the late 1970s and, since becoming managing director six years ago, has seen its turnover rise from A$12m to a projected A$500m in 1987-88.

After-tax profits for the year are projected at A$45m, which compares with forecast earnings of A$120m from Lend Lease and A$30m from Hooker Corporation, Australia's two largest property groups.

Under the listing arrangements, the reverse takeover will be through Sift Securities, a listed waste disposal company which will acquire Girvan from Mr Peterson for 188.5m shares and A$13.2m cash. Sift shareholders are expected to approve the arrangements at a meeting tomorrow.

Sift's name will then change and Girvan will place 140m shares at A$1.10 each with institutions and corporate investors, and A$45.5m 1997 11 per cent convertible notes with the State Bank of New South Wales.

The bank is also taking 46m of the shares, while another 35m are being placed with British investors, where interest is reported to have been strong.

According to underwriters McIntosh Hamson Hoare Govett, the price of A$1.10 represents a significant price-earnings discount to both the industrial market and the property development sector. One McIntosh broker admitted yesterday that, in light of demand, the shares had been underpriced.

About 40 per cent of Girvan's profits come from property development and 32 per cent from construction. Another 21 per cent is rental income and the remainder comes from manufacturing and financial services activities related to its core businesses.

The group employs almost 500 and has about 70 projects under way at present. It has no current intention to expand into Europe or North America, but has become involved in special projects in New Zealand.

Tokyo revises brokers' commission rates

BY YOKO SHIBATA IN TOKYO

THE Tokyo Stock Exchange (TSE) is to introduce a new formula to distribute commission income between securities houses' overseas and domestic offices by removing the existing disparity between Japanese and foreign brokers.

Under the current system, if a US securities company takes an order at its New York office to buy Japanese stocks on the TSE, the New York parent company can take only 20 per cent of the commission under a TSE regulation set up 24 years ago.

However, a wholly-owned overseas subsidiary of a Japanese securities company has received 70 per cent of a brokerage commission for a trading order it relays to its parent company, a TSE member, which gets 30 per cent.

Foreign brokerage houses have complained that they cannot compete with the Japanese brokers' discounting of commissions overseas, since the share of commissions that a foreign broker's parent company can take is too small to cover a big discount.

The new brokerage commission distribution plan provides 50 per cent each to a foreign securities company and its Japanese branch, or to an overseas of Japanese brokerage house and the parent company, in the case of buy or sell orders placed by clients other than banks or securities companies.

If trading orders come from banks or securities houses, they get rebates equivalent of 20 per cent of the brokerage commissions as before, leaving 80 per cent to be shared equally between the Japanese parent company and its overseas unit or between the foreign parent company and its Japanese branch.

The new rule was officially adopted at a meeting of the TSE's committee of full members yesterday.

The exchange also made an informal decision yesterday to reduce brokerage commissions on stocks by an average 9.8 per cent, effective October 5. The decision will be formalised at a meeting of the TSE board of governors tomorrow.

The exchange decided on a uniform cut of 0.1 percentage point in commissions for transactions worth between Y5m and Y100m as these are noticeably higher than those in other countries.

Commissions on trades of up to Y5m and on those of between Y100m and Y500m will be lowered by 0.05 percentage points. Commissions on transactions worth more than Y500m will remain at current levels.

Based on the value of transactions by securities companies, the planned cuts translate into an average drop of 9.8 per cent.

The TSE has also decided to reduce commissions on government and other bonds, effective October 5. Commissions on convertible bonds will be slashed by an average 8.4 per cent.

The TSE's move is intended to fend off foreign criticisms of Japan's high fixed-commission rate system and of the record profits expected to be reported by the big brokerage houses in the fiscal year ending this month.

Nomura Securities, the largest brokerage house, is expected to disclose pre-tax profits of Y500bn in the current year to this month—a figure that would make it the most profitable company in Japan at the pre-tax level.

The strong earnings reaped by the securities houses under the present structure of high fixed commission rates has been subjected to bitter criticism by investors, banks, and life insurance companies.

Japan sets up insider trading task force

THE SECURITIES Bureau of the Japanese Ministry of Finance is setting up a special task force to strengthen checks on illegal stock trading, Reuter reports from Tokyo.

MoF officials said the task force would "take any necessary action if a case occurs." They did not specify what those actions might be, but indicated that the group might become involved in current investigations.

The most dramatic of these is the investigation being conducted by the Osaka Stock Exchange into allegations of insider trading in relation to Tateho Chemical Industries, which recently reported heavy losses from yen bond and bond futures transactions.

The Securities Bureau's 130 investigators at present conduct only routine inspection of each securities house every two to three years.

First Pacific units ahead

THE TWO main Hong Kong-based holding companies of the First Pacific group posted sharp increases in earnings for the first six months of 1987, Reuter reports from Hong Kong.

First Pacific Holdings (FPH), which takes in the group's banking and financial services interests, made a consolidated net after-tax profit of US$9.678m or 4.57 cents a share, up 79.9 per cent from last year's comparative US$5.38m.

FPH's California savings and loan, United Savings Bank, posted a half-year profit of US$2.52m, up from US$964,000.

Profits slip at Pancontinental

PANCONTINENTAL Mining, the Australian resources group, has reported a fall in after-tax profit to A$21.5m (US$15.7m) in the fiscal year ended June 30 from A$24.5m a year earlier, AP-DJ reports from Sydney.

A tax payment of A$6.8m eroded earnings. The company did not need to pay tax in the previous year.

Sales rose to A$124.8m from A$107.4m.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Dollar and yen issues fall on poor Tokyo sentiment

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

POOR SENTIMENT for fixed-interest securities in Tokyo spilled over into European trading yesterday, and both yen and dollar bond markets saw a further retreat.

Tokyo again was swept by rumours that more companies would soon announce heavy losses in financial markets following the losses of Y28bn announced by Tateho Chemical Industries last week. It was also suggested that such losses had led to financial problems at a medium-sized Japanese bank.

The benchmark government bond, the 89th, lost more than yesterday's short-covering gains with the yield in London closing around 5.55 per cent, compared with about 5.16 per cent yesterday.

This hit the Euroyen market in London, which was further troubled by retail selling in the expectation of new supply in the seven-year area. Nomura International had no comment yesterday on the suggestion it was preparing the ground for a new seven-year World Bank issue, perhaps for Y50bn with an all-in cost of about 5¼ per cent.

Attempts to swap out of Euroyen into government bonds, now that the interest rate spreads between the two markets have reached long-time lows, also affected the market. It was down by as much as 1½ points in long maturities, by up to a point in the mediums and ½ point at the short end.

The Tokyo rumours also hit prices in the Japanese equity warrants and convertibles market, where declines were steepest in the issues of exporting companies, because of worries about the consequences of further declines in the dollar.

INTERNATIONAL BONDS

The dollar sector also opened weak, with dollar Eurobonds showing losses of up to 1½ points following the overnight falls in New York and Tokyo. The softness continued after the US opening, although stabilising of the dollar helped bring prices off their lows.

The market is still concerned about US trade figures for July due on Friday, with expectations centring on a deficit of $15bn, and a possible further US discount rate rise after that.

Talk surfaced that Italy was about to launch a financing to raise $1bn in the market, but the atmosphere was clearly not good yesterday for fixed-rate finance, particularly of such size. The market environment for floating rate notes has been improving and such an issue would cater to current market concern — that of a tracking up of US interest rates over the next year or so. But it would reopen a sector which has been all but closed for much of the year.

The only new issue in the dollar sector was a $70m five-year equity warrants bond for Sankyo Aluminium, guaranteed by Hokuriku Bank. The indicated coupon was 3½ per cent and the issue was led by Daiwa Europe.

The West German foreign bond market opened lower following the Tokyo markets' overnight declines, but recovered in a technical reaction to close on average 30 basis points higher on the day.

The one new issue was an equity warrants deal for Henkel Finance Europe, Dutch finance subsidiary of the West German chemical company, for DM 250m. The seven-year bonds carried a 6¼ per cent coupon and a price of 132. Deutsche Bank and Dresdner Bank are joint book-runners for the issue, which carries warrants to buy preferred stock. It was quoted at a sharp premium of 139 bid.

The Swiss market was a little easier overall.

A private placement for Iwatani International, a Japanese trading firm specialising in gases, was launched by Credit Suisse. The five-year SFr 70m issue carried an indicated coupon of 1⅝ per cent.

US bank suspends London Euro-trading

By Our Financial Staff

OPPENHEIMER and Co, the US investment bank, has suspended operations at its small London Eurobond subsidiary following the resignation of the unit's managing director, Mr Nathan Gantscher, the parent company chairman, said yesterday.

Mr Gantscher said Mr Alexis Dogilewski, who headed a team of about eight traders and support staff, had resigned because of a difference of opinion as to how the Eurobond operation, Oppenheimer International Ltd, should be run.

Mr Gantscher, who declined to elaborate on the differences with Mr Dogilewski, said Oppenheimer hoped to resume operations with a new team of traders. He denied speculation that the Eurobond operation had been closed because it was losing money, but did say that it had been marginally profitable.

Oppenheimer's equity operations in London are run separately and are not affected, he added.

Oppenheimer International was understood to have four traders and six salesmen, with a total staff of about 20.

Alusuisse climbs out of red after reorganisation

BY JOHN WICKS IN ZURICH

ALUSUISSE, the Swiss aluminium group, expects to return to profit this year following extensive restructuring. The group made net losses of SFr 688m ($464m) in 1986 and SFr 756m in 1985.

Mr Hans Jucker, the chief executive, said yesterday: "Our company has its head above water again."

In the first half of 1987 both the aluminium and chemical divisions contributed to the return to profits.

Mr Jucker predicted good operational and net results for the group as a whole in 1987. The parent company expects "modest" profits before extraordinary income, but these will not be enough to resume dividend payments.

Alusuisse' last pay-out, for 1984, was 6 per cent.

The company said that extraordinary income realised from the sale of assets was to go largely to strengthening group finances. It would not be needed to offset any further major write-downs.

In the first-half of 1987 group sales fell by 19 per cent to SFr 2.52bn, or by 13 per cent in terms of local currencies. This mostly reflected disposals and capacity cuts in the aluminium division and a fall in sales volume, notably among the German chemical subsidiaries.

Mr Jucker said that sales were now close to predicted future levels. Acquisitions should approximately balance any future divestments or closures.

In respect of the turn-around in earnings, Mr Jucker drew attention to the improved market conditions and the fact that Alusuisse's restructuring was largely completed and starting to bear fruit.

However, the medium to long-term development of both the world aluminium and chemical business was still viewed "with some reservations."

German retailers tighten their link

By Andrew Fisher in Frankfurt

MASSA, the West German discount chain, has bought a 10 per cent stake in the Asko retailing group for DM 236m ($130m). This follows the recent purchase by Asko of a 24.9 per cent shareholding in Massa.

Mr Helmut Wagner, the Asko chairman who also took over the chairmanship of Massa last month, said yesterday that the latest share purchase was aimed at supporting Asko's independence in line with German cartel authorities' requirements.

He also said that Asko did not intend to buy a majority holding in Massa, which is the ninth largest food retailer in Germany with 28 stores, mostly in the densely populated Rhine-Main region around Frankfurt.

Last year, Massa's turnover was DM 3.3bn and that of Asko DM 3.7bn.

Mr Wagner took over as chairman of Massa from Mr Ernst-Ludwig Kipps, who had sold Asko his shares in the company. Mr Kipps is a member of the family that founded Massa, which was floated on the stock market last year.

Recently, Massa has been following a strategy of more quality-orientated growth, focusing on higher margin sectors like furniture and electronics.

Spanish utility group plans rights

BY DAVID WHITE IN MADRID

FOR THE first time since the debt crisis at Fuerzas Electricas de Cataluna (Fecsa) rattled the Spanish utility sector seven months ago, a power company is due to raise fresh equity funds on the Madrid stock market.

Compania Sevillana de Electricidad, a Seville-based concern which ranks sixth in the sector, just behind Fecsa, announced plans to raise Pta 10.5bn ($87m) through a one-for-eight rights issue, priced at par, next month.

The company showed a 26 per cent increase in net profits last year, to Pta 5.5bn on sales of Pta 146.7bn.

The issue, which follows two successive capital increases by the company last year—raising its capital from Pta 67.8bn to Pta 83.8bn—is expected to pave the way for similar operations by other private-sector utilities.

The sector's access to new finance was effectively blocked after trading in Fecsa shares was suspended in February, as both foreign and Spanish banks resisted Fecsa's debt rescheduling proposals.

Although utility share values suffered the impact of the crisis, prices have recovered in recent weeks.

Fecsa is due to hold a meeting in Madrid today with the committee of creditor banks to discuss revised proposals for a settlement to ease its $5bn debt burden.

The latest proposals are based on a Pta 75bn capital increase, which would be subscribed mainly by other electrical companies and by banks, and a Pta 170bn "jumbo" bond issue to refinance outstanding bonds.

CFTC to ease futures limits

THE US Commodity Futures Trading Commission (CFTC) has voted unanimously to recommend that futures exchanges exempt risk management strategies from limits on speculative positions, Reuter reports from Washington.

CFTC staff said the recommendation to add another category to the list of exemptions from speculative limits could lead to greater use of financial futures by investment advisers, banks and insurance companies that manage pension funds, mutual funds and other portfolios.

Mr Robert Davis, a commission member, said the move would help eliminate unnecessary impediments to the use of exchange markets which could often drive participants off exchanges or overseas.

Hanson Trust unveils CP programme

BY OUR EUROMARKETS STAFF

HANSON TRUST, the UK-based industrial conglomerate, is substantially adding to its short-term funding arrangements with two commercial paper programmes in the sterling and Euromarket.

It has appointed three dealers for a £200m ($330m) sterling programme—Barclays de Zoete Wedd, County NatWest, and S. G. Warburg — and three dealers for a $300m Eurocommercial paper programme —Citicorp Investment Bank, Shearson Lehman Brothers International, and Swiss Bank Corporation International.

Both programmes are expected to be used, with the aim of widening funding alternatives and reducing costs. The borrower is Hanson Finance, with the parent's guarantee.

Meanwhile, Westinghouse Credit Corporation of the US is moving into the growing European market in medium-term notes, and plans to offer up to $250m of the paper simultaneously in the US and European markets.

In Europe, the notes will have maturities of between nine months and 10 years, and can be offered in a variety of currencies and at fixed or floating rates.

The notes will be offered in Europe through Credit Suisse First Boston and Shearson Lehman.

Separately a Dutch subsidiary of Hitachi, the Japanese electronics group, is arranging a $100m Eurocommercial paper programme through Morgan Stanley International and Fuji International Finance.

As well as dealerships, the programme will have an uncommitted tender panel. The parent company, which will guarantee the paper, has a triple-A rating from both the major US rating agencies.

Skane-Gripen widens share ownership

By Our Stockholm Staff

SKANE-GRIPEN, a Swedish industrial conglomerate, is to increase the proportion of shares available to foreign investors following its recent acquisition of Poggenpohl, the West German manufacturer of up-market kitchen and bathroom fittings.

Mr Sten K. Johnson, the managing director, said there had been increased interest in the shares available to foreigners, especially in West Germany, following the acquisition.

He said that by increasing the proportion of unrestricted shares—the sort foreigners may invest in—the company hopes to avoid the over-pricing of its restricted shares.

Currently, foreigners control between 7 and 8 per cent of the shares in Skane-Gripen, but Mr Johnson expects this to increase to between 15 and 20 per cent in the next year.

Skane - Gripen acquired Poggenpohl in July as part of its plan to increase its existing bathroom and kitchen fittings operations and focus on the quality end of the market. Last year the Swedish company reported profits (after financial items) of SKr 286m ($45m) on sales of SKr 5.4bn.

Nokia buys rubber goods maker

BY SARA WEBB IN STOCKHOLM

NOKIA, Finland's largest listed group, with interests in the electronics, telecommunications, cable, paper and rubber industries, has agreed to acquire a 75 per cent stake in Horda, a Swedish company which makes rubber goods for the engineering and car industries.

Nokia bought a 50 per cent holding in the unlisted company from Finnveden, a Swedish regional development group, and the remaining 25 per cent from private shareholders for an undisclosed sum. The Finnish group said it would seek to increase its shareholding in Horda further.

Horda had sales of SKr 226m ($36m) and profits, after financial items, of SKr 10.1m last year. Its sales to Volvo and Saab - Scania amounted to SKr 60m last year and included rubber profiles and materials for tyres.

Profits this year are expected to reach SKr 15m on turnover of SKr 250m.

Nokia said that Horda would provide it with manufacturing bases in Sweden, which it previously did not have, thereby strengthening its rubber goods division.

The Finnish concern is the second largest manufacturer of rubber products in Scandinavia —after the Swedish company Trelleborg—and this year sales for the rubber products division, which consists of footwear, tyres and industrial rubber, are expected to reach FM 1.3bn ($298m).

Horda also has sales offices in Denmark and Norway, which Nokia said would help strengthen its marketing efforts in the Nordic region.

Index-linked gilt warrants issued

By Our Euromarkets Correspondent

THE first issue of warrants to purchase index-linked UK government bonds was launched yesterday by Shearson Lehman Brothers.

The Bank of England first allowed warrants on gilt-edged stock to be issued from July 29, but issues launched so far had been on traditional fixed-interest bonds.

The issue is on one-year call warrants to buy the 2½ per cent index-linked Treasury stock due 2016. Each warrant, priced yesterday at launch at £8.375, entitles the holder to buy £100,000 nominal amount of the bonds at the 91.34 per cent exercise price.

Officials unclear on bond rumour

By Yoko Shibata in Tokyo

Japanese Ministry of Finance officials said last night they had no reliable information about market rumours of a Japanese sogo (mutual) bank suffering a huge investment loss in bond futures trading.

Ministry officials said the rumours began in Tokyo on Wednesday evening and quickly spread to London, where Japanese government bond futures tumbled to new lows on the London International Financial Futures Market (LIFFE).

Tokyo financial market players are becoming highly sensitive to such rumours following the difficulties of Tateho Chemical Industries, which reported last week that at had lost Y28bn ($197m) from bond futures market speculation.

Standa sales climb by 17% in first half

STANDA, Italy's second-largest retail chain, saw group sales rise by 17 per cent to L1,272bn ($979m) in first half of 1987, from L1,084bn a year earlier.

Its regular Standa retail stores rang up revenue of L989bn in the half year.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 9

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	100	[illegible]	[illegible]	[illegible]	-1½	[illegible]
All Nippon Air 9⅝ 97	100	99⅝	99⅞	+1	-0⅜	10.30
American Brands 8⅞ 92	150	95⅛	95⅝	-0⅛	-1⅛	10.00
A/S Eksportfinans 7⅞ 93	100	100⅝	[illegible]	0	-1¼	9.91
A/S Eksportfinans 7⅛ 92	250	91⅝	92	+0⅛	-0⅝	9.46
BP Capital 9⅛ 94	300	†99⅞	99⅞	-1	0	9.39
British Telecom 7⅞ 96	300	84⅛	85⅜	-1⅛	-1½	10.36
British Telecom 8⅞ 94	150	100⅛	92⅝	-0⅝	-1½	9.90
Campbell Soup 10⅛ 95	100	100⅝	101⅛	-1⅛	-0⅝	10.38
Canada 9 96	1000	99½	95	-0⅝	-1½	9.59
Canadian Pac. 10⅜ 95	100	†102⅞	103⅜	-0⅛	-1½	10.59
CCCE 7⅛ 91	115	93⅛	93⅝	-0⅛	-0⅝	9.75
CNCA 7⅛ 91	100	92	93⅛	-0⅛	-0⅛	9.67
Citicorp 8⅞ 93	200	100⅝	95⅛	-2	-2	10.03
Credit Lyonnais 9 91	200	97⅛	98⅛	-0⅛	-1⅛	9.62
Credit National 7⅞ 92	100	91	93⅛	-0⅛	-0⅝	9.83
Credit National 7⅛ 91	150	99⅝	94⅛	-0⅛	-1¼	9.65
Denmark Kingdom 7⅞ 92	500	89⅛	90⅛	-0⅛	-1½	10.65
Denmark Kingdom 8⅛ 91	300	94⅛	95⅜	-0⅛	-1⅛	9.96
EEC 7 91	100	93⅛	93⅞	-0⅛	-1⅛	9.05
EEC 7⅛ 93	150	88⅛	89⅛	-0⅛	-2	9.92
EEC 8⅛ 96	100	87⅞	88⅛	-0⅛	-0⅝	10.41
EIB 7⅞ 93	100	88⅜	89	-0⅛	-1⅛	10.12
EIB 9⅛ 97	150	95⅞	95⅞	-1⅛	-0⅝	10.47
Finland 7⅞ 97	200	84⅝	84⅝	0	-2	10.54
Finland 7½ 93	200	88⅛	87⅝	-0⅛	-0⅝	10.02
Ford Motor Cred. 10⅛ 91	150	101⅞	102⅛	-0⅛	-1½	9.85
Ford Motor Cred. 11⅞ 90	100	105⅜	105⅝	-0⅛	-1⅛	9.50
Gen. Elec. Cred. 10⅛ 00	200	100⅝	101⅛	-0⅛	-1½	10.07
GMAC 8⅛ 89	200	98⅝	99⅛	0	-0⅛	8.86
Hoesch 8⅛ 97	100	88⅛	88⅝	-0⅛	-2½	10.19
Hoesch 7⅞ 92	100	92⅛	93⅛	-0⅛	-1⅛	9.58
Hoesch 7⅞ 94	100	90⅛	92⅛	-0⅛	-0⅝	9.61
Liberty Mutual 8⅛ 96	150	†88⅛	90⅛	0	-1½	10.29
LTCB of Japan 8 91	100	93⅛	94⅛	-1⅛	-1⅛	9.85
LTCB of Japan 8 97	200	85⅛	86⅛	-1	-2⅛	10.76
Mercds.-Benz Cred. 7½ 95	100	91⅞	92⅛	-0⅛	-0⅝	9.34
Mercds.-Benz Cred. 8⅛ 92	100	97	97½	-0⅛	-1⅛	8.97
Mitsubishi Fin. 7⅞ 93	200	187⅛	88⅛	-2⅛	-2⅛	10.57
Mutual America 7⅞ 92	100	91⅛	92⅛	-0⅛	-1⅛	9.96
Norway Kingdom 7⅛ 91	500	†92⅛	93⅛	0	-1⅛	9.47
Pepsico Inc. 7⅞ 93	200	89⅛	89⅞	-0⅛	-1½	9.83
Prudential Corpn. 8⅞ 94	125	†92⅛	93⅛	-0⅛	-0⅝	10.21
Qantas Airways 10⅛ 95	140	†98⅛	99⅛	-0⅛	-2⅛	10.50
Queensland Govt. 10⅛ 95	100	†97⅞	98⅛	-0⅛	-2	11.62
Ralston Purina 11⅛ 95	150	†105⅛	106⅛	+0⅛	-1⅛	10.57
Saab Scania 9½ 91	125	98⅛	99⅛	-0⅛	-1⅛	9.86
Saskatchewan 10⅛ 92	100	102⅛	102⅞	-0⅛	-1⅞	9.96
State Bk. S. Aust. 9⅛ 93	100	95⅛	96⅛	-0⅛	-1⅛	10.32
Statoil 10 90	170	†102	102½	0	+0⅛	9.08
Swed. Exp. Cred. 7⅛ 91	100	92⅛	93	-0⅛	-0⅝	9.41
Swed. Exp. Cred. 10 92	100	101	101½	-0⅛	-1½	9.63
Sweden 7 91	150	91⅛	91⅞	-0⅛	-1⅛	9.61
Sweden 7 92	250	†91	91½	0	-1⅛	9.49
Sweden 8⅛ 96	200	91½	91⅞	-0⅛	-3⅛	10.27
Sweden 8½ 92	200	95⅛	95⅞	-0⅛	-0⅝	9.65
Taiyo Finance 7⅞ 94	100	†87⅞	88⅛	-0⅛	-1⅛	10.3
Toyota Motor Cred. 8 89	100	†98½	99	-0⅛	-0⅝	8.75
Toyota Mtr. Cred. 7⅛ 92	150	†87⅞	90⅛	-0⅛	-1⅛	9.99
Victorian Rep. 11⅞ 92	150	105⅛	105⅝	-0⅛	-1½	10.08
World Bank 7 92	300	91⅝	92⅛	+0⅛	-0⅝	9.52
World Bank 9 97	300	91⅝	91⅞	-1⅛	-2⅛	10.39
Yasuda Tst. Fin 8½ 93	100	†92½	93	0	-1⅛	10.20

Average price change on day −0⅝ on week −1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Arab Banking 5½ 92	150	96	96½	-0⅛	-0⅛	6.45
Avis Fin. Svc. 5⅞ 92	100	†99	99½	0	-0⅛	6.06
Bank of Greece 6½ 95	150	95½	96⅛	0	-1⅛	7.20
Bank of Tokyo 5⅞ 93	100	†98	98½	+0⅛	-1	6.13
BMW 5⅞ 96	200	89⅛	90½	-0⅛	-1½	6.79
Degussa Int. 6⅛ 97	200	93⅛	94⅛	-0⅛	-1	6.96
EIB 5½ 98	150	87½	88⅛	0	-1⅛	7.16
EIB 6 97	300	93	93⅛	0	-2⅛	6.98
EIB 6½ 96	300	93⅛	94½	0	-2⅛	7.04
EIB 6⅞ 97	400	93⅛	94⅛	-0⅛	-2⅛	7.00
EIB 6⅞ 95	300	99⅛	100	+0⅛	-1½	6.99
Euro. Coal & Steel 5⅞ 97	175	90⅛	91⅛	-0⅛	-2⅛	7.18
Eurofima 6⅛ 96	100	95⅛	95⅞	0	-1⅞	6.95
Elec. de France 5⅞ 97	300	90⅛	90⅞	-0⅛	-1⅞	7.15
Hoesch Intl. Fin. 7 95	100	99⅛	100⅛	+0⅛	-1	6.99
IADB 6 97	200	91⅞	92⅛	-0⅛	-1⅛	7.15
IBJ 5⅞ 96	200	90	90½	-0⅛	-1⅞	7.17
Japan Finance 5⅞ 97	100	90⅛	91⅛	-0⅛	-1⅛	7.08
Ireland 6½ 97	300	†95	95½	0	-1⅛	7.19
Korea Dev. Bank 6⅞ 93	100	99⅞	100⅛	0	-0⅛	6.56
Malaysia 6⅛ 94	150	97	97½	0	-0⅛	6.76
Mitsubishi Hl. 3⅞ 89 XW	100	94⅝	95⅛	-0⅛	-0⅛	5.35
Portugal 5⅛ 92	150	98⅛	98⅞	-0⅛	-1⅛	6.11
Portugal 6⅞ 95	150	96½	97⅛	0	-0⅛	6.81
Royal Insurance 5½ 92	300	†100	100½	0	-0⅛	5.43
Statoil 6⅛ 97	200	†92⅛	93⅛	-0⅛	-1⅞	7.28
Soc. Cent. Nucleair 7⅛ 95	150	101⅛	102⅛	-0⅛	-0⅝	6.95
Soc. Cent. Nucleair 8 91	100	104⅛	105⅛	+0⅛	+0⅛	6.54
Steweag 5½ 96	100	92⅛	93⅛	-0⅛	-0⅝	6.58
Tokyo Elec. Power 6 97	300	†93⅛	93⅛	-0⅛	-1½	7.26
World Bank 6⅛ 97	600	94⅛	94½	-0⅛	-2⅛	7.35

Average price change on day −0⅛ on week −1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅞ 96	100	†100⅛	101½	-0⅛	-1⅛	5.46
Amer. Corpn. 5⅛ 01	200	†90	91	+0⅛	+0½	6.90
Asfinag 5 02	150	†96½	97	0	-0⅝	5.32
Bayer W/W 2⅞ 02	250	†109	109½	+0⅛	+0⅛	1.79
BBL W/W 2⅞ 97	100	†102½	102	0	0	2.55
Elec. de France 5 07	100	†98	98½	-0⅛	-0⅛	5.14
EIB 4⅞ 97	200	†96	97	0	+0⅛	5.09
Humpen 5⅛ 98	120	†97½	98½	+0⅛	-0⅝	5.38
Industrial Credit 5⅞ 96	75	†97½	98	0	-1⅛	6.07
Japan Dev. Bk. 5⅞ 97	100	†102	102½	+0½	+0⅛	4.83
Newfoundland 5⅛ 02	150	†99½	99⅛	-0⅛	0	5.16
Polly Peck 6 92	75	†101½	102½	+0⅛	+0⅛	5.47
Prov. of Manitoba 4⅞ 94	200	†100⅛	101⅛	-0½	-1	4.58
Prov. of Manitoba 4⅞ 02	200	†97⅛	97½	-0⅛	-0⅛	5.09
Qantas Airways 4⅞ 97	110	†95½	96½	+0⅛	+1	5.29
Settsu Euro. 0 01	100	†47	47½	0	-0⅛	5.71
TNT 5 95	100	†100	100⅛	0	0	4.98
USX Corpn. 5⅞ 98	100	†97⅛	97½	+0⅛	-0⅛	6.08
World Bank 5 02	200	†96	96½	-0⅛	-0⅛	5.58

Average price change on day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 97	40	99⅛	98	-0⅛	-1⅛	5.06
EIB 4⅞ 94	40	98⅛	99⅛	-0⅛	-1⅛	5.00
Elec. de France 5⅛ 94	30	98	99⅛	-0⅛	-1⅛	5.22
Kansai Electric 4⅞ 94	60	99⅛	99⅛	0	-0⅛	4.98
Norway 4⅞ 92	50	97⅛	99⅛	+0⅛	-0⅛	5.47
SNCF 4⅞ 93	30	98⅛	98⅛	-0⅛	-1	5.49
Sweden, Kingdom 5⅛ 95	20	98	98⅛	-0⅛	-1⅛	5.90

Average price change on day −0⅛ on week −1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	100⅛	101½	0	-0⅛	13.42
American Brand 9⅞ 94 £	50	95⅛	95⅞	-0⅛	-0⅛	10.49
Amer. Express OC 10 94	100	93½	93⅛	-0⅛	-0⅛	11.69
Bergen Bank 15 90 A$	30	†101⅛	102⅛	0	0	13.73
Canadian Pac. 10⅞ 90 C$	75	†100	100⅛	-1	-1⅛	10.26
Chrysler Corpn. 10 91 C$	75	†96⅛	96⅞	-0⅛	-1⅞	10.38
Coca-Cola F. C. 17 90 NS	75	†100⅛	101¼	0	-0⅛	16.42
CoE 8⅞ 95 LFr	400	†100⅛	101⅛	0	0	7.96
Creditanstalt 14½ 90	60	101	101½	0	-0⅛	13.49
Denmark 7⅞ 92 Ecu	200	†98	98⅛	-0⅛	-1⅛	8.22
DG Finance 14⅞ 92 A$	50	105	105⅛	0	-0½	12.74
Deutsche Bank 9⅞ 97 £	75	95	95⅛	-0⅛	-0⅛	10.69
Deutsche Bank 14⅛ 92 A$	100	105	105⅛	0	-0⅛	12.55
Dresdner Fin. 13⅞ 91 A$	100	101⅛	102⅛	0	-0⅛	13.18
EIB 7⅞ 91 Ecu	100	†98⅛	98⅞	-0⅛	-1	7.75
EIB 8⅞ 93 LFr	1000	†102½	103⅛	0	0	7.57
Euratom 7⅞ 97 Ecu	145	†96⅛	96⅞	-1½	-0⅛	8.65
Finland 6 91 Fl	100	99	99½	-0⅛	-0⅛	6.20
GMAC 9 92 £	50	94	94½	-0½	-0⅛	10.58
GMAC 9⅛ 92 C$	75	†96½	96⅞	-1⅛	-1⅞	10.16
GMAC Aus. Fin. 14 90 A$	50	100⅛	100⅞	0	-0⅛	13.67
Halifax BS 10⅞ 97 £	100	95	95½	-0⅛	-0⅛	11.21
Helaba Fin. 13⅞ 96 A$	75	100⅛	100⅞	0	+0⅛	13.22
Imp. Chem. Inds. 10 05 £	100	†92½	93	-0⅛	-0⅛	10.97
Imp. Chem. Inds. 10⅛ 92 £	75	†100⅛	102⅛	+0⅛	+0⅛	10.21
Inv. in Ind. Intl. 10 93 £	60	96⅛	96⅛	-0⅛	-0⅛	10.87
Land Securities 9⅞ 07 £	100	†91½	92⅛	-1	-0⅛	11.09
Leeds BS 10⅛ 91 £	50	97⅞	98⅛	-0⅛	-0⅛	11.12
Mort. Bk. Denmark 6 91 Fl	150	98½	99	-0⅛	0	6.34
Natl. Australia 14 92 A$	50	99⅛	100⅛	0	-0⅛	8.11
Nationwide BS 10⅛ 93 £	75	96⅛	96⅞	-0⅛	-0⅛	11.00
NSW Treasury 10⅞ 92 £	50	99⅛	99⅛	-0⅛	-0⅛	10.79
New Zealand 7⅞ 93 Ecu	200	†95⅛	95⅞	-0⅛	-1⅛	8.85
Oesters. Ktbk. 13⅞ 94 A$	75	99⅛	100⅛	0	-0⅛	13.64
Prudential Fin. 9⅞ 07 £	100	85⅛	85⅞	-0⅛	0	11.28
Royal Insce. 10⅞ 92 £	60	100⅛	101¼	-0½	-0⅛	10.51
Royal Trustco 10⅛ 90 C$	75	†97⅞	98⅛	-0⅛	-1⅞	11.06
Sainsbury, J. 10⅛ 93 £	60	99	99½	-0⅛	-0½	11.07
SDR 7⅞ 95 Ecu	70	†94	94½	-0⅛	-1⅞	8.81
Trusthouse Forte 11⅛ 90 £	50	100⅛	100⅞	-0⅛	+0⅛	10.83
Thyssen 7⅛ 90 Fl	50	101⅛	102⅛	-0⅛	-0⅛	6.49
Wessanen 6⅛ 90 Fl	50	101	101½	-0⅛	-0⅛	6.29
World Bank 11⅛ 95 £	100	102½	103	-0⅛	-0⅛	10.60
World Bank 13⅞ 92 A$	100	100⅛	100½	0	-0⅛	13.27

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	0.0202	100.03	100.38	11/06	6.14
Alliance & Leic. Bldg. 94 £	0.08	99.08	99.13	28/04	9.09
Belgium 91	0	99.96	100.06	19/02	6.69
Britannia 5 93 £	0⅛	99.58	99.68	8/04	10.06
Chase Manhattan Corpn. 91	0⅛	†99.10	99.35	28/08	6.56
Citicorp 98	0⅛	†97.05	97.30	27/02	6.63
Credit Lyonnais 5 00	0⅛	98.28	98.39	13/07	6.13
EEC 3 92 DM	0	99.97	100.06	20/02	4.39
Halifax Bldg. Soc. £ 94	0.1	99.23	99.28	6/05	8.97
Midland Bank 01 £	0.1	96.33	96.43	9/05	8.91
Milk Mrktg. Board 5 93 £	0⅛	99.57	99.62	30/03	10.09
New Zealand 5 97 £	0.07	99.43	99.53	16/05	11.09
New Zealand 5 01	0	99.27	99.37	4/08	6.31
Shearson Lehman Hldgs. 91	0⅛	†99.30	99.55	6/05	7⅛
United Kingdom 5 92	0	99.98	100.05	7/04	6.31
Woodside Fin. 5⅛ 97	0	99.35	99.45	28/04	7.06
Woolwich 5 95	0⅛	99.41	99.45	19/05	10.42

Average price change on day +0.02 on week −0.02

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02	8/87	62	110½	111½	+0⅛	19.94
Alco Health 6⅛ 01	7/86	26.25	87⅛	89½	-0⅛	36.85
American Brands 7⅛ 02	9/87	54.7	†100½	109½	-1½	17.72
American Can Co. 5⅞ 02	4/87	66.75	†91	92	-1	39.60
Ashikaga Bank 2⅞ 02	4/87	996	111⅛	112⅛	-0⅛	-3.94
Asics 5 92 DM	12/83	472	158⅛	159⅛	-0⅛	3.14
CBS Inc. 5 02	4/87	280	105⅛	106⅛	-0⅛	12.38
Chiba Bank 2⅞ 02	1/87	830	185	187	-2	1.80
Fuji Hvy. Inds. 3 00	8/85	676	153	154⅛	-4⅛	-3.96
Fujitsu 3 99	5/84	1109	181½	185	-6⅛	-1.30
Gunma Bank 2⅞ 02	4/87	808	132	133	-2	-5.37
Minolta Camera 2⅞ 94 DM	2/86	1105	98	99½	0	56.09
Mitsui Trust 2⅞ 01	10/86	1950	141½	143½	-2½	-3.04
Murata 3⅞ 00	7/84	1990	260	62	-5⅛	0.21
Nippon Elec. 2⅞ 00	1/85	1295	267⅛	268⅛	-5½	-2.33
OKI Elec Ind. 3½ 99	10/84	805	183⅛	184⅛	-3⅛	0.91
Omron Tateisi 2⅞ 02	4/87	1350	125⅛	126⅛	-2⅛	-0.99
Redland 7⅛ 02 £	1/87	5.5	†108⅛	109⅛	-0⅛	15.78
Yokohama Bank of 2⅞ 01	10/86	1045	168	170	-3⅛	-1.92

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Organic growth boosts BTR

BTR, industrial holding company, which earlier this year failed with its bid for Pilkington Brothers, yesterday announced a 38 per cent increase in interim pre-tax profits, from £203m in 1986 to £280m.

Earnings per share rose by 20 per cent to 10.7p (8.9p) and the interim dividend will go up by the same percentage to 4.2p (3.5p).

The company, which was accused during the Pilkington battle of heavy reliance on acquisitions for growth, went out of its way yesterday to stress that the main profits increase "has come from the organic growth of our businesses and the commitment of additional resources to those business units."

There had also been a significant increase in operating margins, with the trading profit margin rising from 12.6 per cent to 14.5 per cent.

Less than one-third of the £77m increase in pre-tax profits came as a result of acquisitions, principally China General Plastics of Taiwan and Borg-Warner Australia. BTR's last major UK takeover was Dunlop in 1985.

In the wake of the Pilkington battle it indicated that in the immediate future it was more likely to concentrate on acquisitions in the US and Asia. Earlier this week it clinched the $220m (£133m) purchase of Stewart Warner, Chicago-based engineering group.

On turnover up 12 per cent, from £1.84bn to £2.07bn, the company produced a 29 per cent rise in trading profit, from £231m to £299m. The finance charge fell from £28m to £19m, while tax took £78m (£51m), largely because of a rise in the US charge. Minority interests were also up from £6m to £21m, mainly because of the growth of BTR Nylex, the group's 61.6 per cent-owned Australian subsidiary.

The improvement was spread broadly across the group, both in terms of business sectors and geographically. Trading profits in Europe rose from £146m to £177m, in the western hemisphere from £59m to £60m and in the east from £26m to £62m.

The construction sector, with trading profits of £44m (£33m), saw progress by nearly all units, with good prospects for the traditionally strong second half. Energy and electrical, with profits of £38m (£35m), "improved margins against a continuing harsh environment in many areas.

Industrial group profits rose from £50m to £72m, with China General Plastics a major contributor. Transport produced profits of £61m (£41m), with particularly good performances from automotive-related and aerospace companies. The consumer-related businesses made profits of £84m (£72m), with good performances by Dunlop Slazenger and the paper group.

See Lex

John Crowther advances 85% to £6.7m

BY ALICE RAWSTHORN

John Crowther Group, acquisitive textiles concern, yesterday announced an 85 per cent increase in pre-tax profits to £6.7m for the first half of the year on turnover which rose by 64 per cent to £136m.

Carpet manufacturing provided turnover of £37m and operating profits of £1.5m. Mr Trevor Barker, chairman, said that the full benefits of the restructuring, in carpets and clothing, should filter through in 1988.

The restructuring of the clothing division has also taken longer than expected, principally because of problems at the Sunbeam plant. Clothing contributed sales of £42m and profits of £2m. Crowther expects to appoint a chief executive for the division within the next fortnight.

The two distribution businesses, MCD and WW, traded ahead of forecast with sales of £48m and profits of £4m. The cloth division provided turnover of 11.5m and profits of £1m.

Crowther paid £1.3m in tax and £1.8m in interest. Earnings per share rose to 5.1p (4.3p) and the board is paying an interim dividend of 1.25p (1p).

When Mr Barker took over in 1981 the busines was on the brink of collapse. After a whirlwind of acquisitions the group has added substantial clothing and carpets businesses to its original cloth interests in the UK. Earlier this year it diversified overseas into Europe and the US.

Crowther has spent the past two years restructuring its clothing and carpet manufacturing interests. The rationalisation of the carpet companies is completed, but took rather longer than the group had expected. The new Kosset range was launched this week, four months behind schedule. The cost of redundancies at the Kidderminster plant is expressed as an extraordinary debit of £918,000.

● **comment**

There are two schools of thought in the City on John Crowther. One suggests that it is the most dynamic force in today's textile industry: gobbling up clapped-out companies and knocking them into shape. The other is convinced that Crowthers has flourished only by tossing confetti—and hyperbole — around a bull market only to flounder if the climate turns bearish. What both schools want is for Crowthers to pause for breath and prove that it is capable of gleaning organic growth from its businesses. This set of interims leaves neither school any the wiser. The group should produce profits of £26m this year and a prospective p/e of 10 on 207p. But it is in 1988 that Crowthers has promised to prove its mettle. Unless it does so the City's patience will evaporate.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Abbott Mead Vckrs int	1.8	Oct 23	1.5	—	3.5
Alumase	5	—	—	7.5	—
Amari int	3.1	—	3	—	6.5
BICC int	4	—	3.5	—	11.75
British Vita int	4	Nov 9	2.67*	—	6.37*
BTR int	4.2	Nov 23	3.5	—	8.25
Cantors	2	Nov 5	1.5	3	2.25
John Crowther int	†1.25	Jan 12	1	—	3.5
Fitch & Co int	2.5	Oct 30	2.2	—	7
Instem int	‡1	Nov 27	1	—	2.5
Mallett int	‖1.3	Oct 9	—	—	—
MTM int	†1	Oct 27	—	—	0.7
James Neill int	3	Oct 8	2.5	—	7.3
Nurdin & Peacock int	1.6	Oct 30	1.6*	—	3.88*
P&O int	9	Nov 11	7.5	—	19
Prudential Cpn int	†11.5	—	10	—	29
Turner & Newall int	†2.75	—	2.5	—	7.5
James Wilkes int	3.3	—	3	—	6.75
George Wimpey int	2	—	1	—	4.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market. ‖ Made public in March 1987.

Triangle in £2.7m buy

Triangle Trust, the toy manufacturer formerly known as Sharna Ware, has announced the £2.7m acquisition of Elliott Bayley, an independent life and pension insurance broker, along with almost halved interim pre-tax losses of £257,994.

Elliott Bayley produced pre-tax profits of £229,000 for the year to June 30, with net assets of £283,000. The vendor has warranted that pre-tax profits in the year to June 30 1988 will not be less than £250,000.

The consideration will be satisfied by the allotment of 1m new ordinary shares in Triangle Trust at 270p per share.

Triangle's turnover for the six months to June 30 fell from £10.52m to £4.14m. After a tax credit of £54,000 (£82,000), the loss per share was 4.71p (10.94p).

Directors said closure costs for the cash and carry division were reflected in the extraordinary debit of £643,747, but after extraordinary items and tax the remaining activities showed improvement.

They expected progress not only from the group's traditional manufacturing business but also in other sectors such as financial services.

Guinness sells Hine to Moet-Hennessy

By Clay Harris

Guinness, the British brewing and spirits group, yesterday sold its Hine cognac brand to Moet-Hennessy in a £30m deal which will strengthen the French champagne and perfume company's challenge for the top position in the world cognac market.

Guinness said that Hine, bought by Distillers Group in 1971, was now outside the mainstream of its spirits business, which will concentrate on brands such as Johnnie Walker scotch and Tanqueray gin. Guinness took over Distillers last year after a bitter and controversial bid battle.

In another move to dispose of businesses it views as peripheral, Guinness yesterday confirmed its intention to sell Distillers CO2, a leading British supplier of carbon dioxide. The sale will be handled by Lazard Brothers, the British merchant bank.

By most reckonings, Moet's Hennessy brand ranks almost even with Martell at the top of the world cognac league. In 1985, for example, Hennessy had 18 per cent of the market, only 1 percentage point less than Martell.

Although Hine is much smaller than either of these two, or Courvoizier and Remy Martin, its additional contribution is likely to give Moet 20 per cent of total world cognac sales estimated at more than 130m bottles this year.

Hine's cognac sales are estimated at FFr 130m (£13m) in the current year compared with FFr 2.4bn expected for Hennessy.

The acquisition of Hine will especially strengthen Hennessy's market share in Britain and Hong Kong. The deal includes FOV, an own-label brandy sold in the Far East.

The sale does not affect marketing joint ventures in the US and the Far East which Guinness and Moet established in June. Guinness will also be the exclusive distributer of Hine to the duty-free market, except where other contracts already exist.

Distillers CO2, a distributor of carbon dioxide used in beverage carbonation and for other industrial purposes and of dry ice, last year achieved operating profits of £4m on sales of £33m. Since the possibility of a sale was first floated in July, Lazard has received about two dozen inquiries.

A circular has been prepared for serious suitors, and Lazard expects the sale to be completed by November.

Guinness is also in the process of selling its newsagents chains, of which Martin's is the flagship. Last week it sold the Drummond chemists business to Macarthy for £43m. Other completed disposals include Neighbourhood Stores and Clares Equipment.

Guinness shares lost 3p yesterday to close at 367p in Paris, Moet-Hennessy shares rose by FFr 9 to close at FFr 2,873.

Asda sales details expected soon

Asda-MFI, retail group, expects to announce the purchasers of its MFI furniture stores and Allied Carpet stores next month, Mr David Donne, chairman, told the annual meeting yesterday.

The process of sifting the offers was going according to schedule, he said.

Asda superstores' trading performance vindicated the board's decision to concentrate its resorces on this side of the business, Mr Donne said. He forecast sales growth of well into double figures for the present year.

A B Engineering

Associated British Engineering is to raise £4.45m net by way of a fully underwritten rights issue of new ordinary 1p shares at 6p each.

Ordinary shareholders and convertible preference holders on register at September 18 1987 will be offered 77,301,518 new shares, payable in full on acceptance, on the following basis: for every five ordinary shares then held — two new shares; for each convertible preference then held—20 new ordinary.

British Telecom rings up 11.8% growth to £561m

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

STRONG growth in telephone call volume and a comparatively low rate of cost increase combined to produce an 11.8 per cent jump in pre-tax profits to £561m at British Telecom in the first quarter.

The figures, which were published yesterday against a background of increasing criticism of the quality of BT's services, were accompanied by the announcement of a slowdown in the rate of job cuts in the company. BT conceded that this change in the job reduction programme had been made partly in response to these attacks on its services, but said that the group was nevertheless managing to hold down the rate of cost increases by other means.

As a result, total operating costs were up by 5.7 per cent over the corresponding part of last year, while staff costs rose by 5.3 per cent to £814m. This rate of increase compared with a 7.1 per cent rise in turnover to £2.41bn from £2.25bn in 1986.

BT refused to put firm figures on the decision to trim back its staff reduction programme, but said that numbers in its mainstream business had fallen by only 400 people in the last quarter against a total of 4,800 in the 1986/87 financial year, and 800 in the same period of 1986. Maintaining a larger workforce than originally planned, it added, would also help with its ambitious modernisation programme, while meeting the growth in demand for telephone services in London and other urban areas.

The pre-tax profits, which were in line with City expectations, compared with £502m in 1986; operating profits rose by 10.5 per cent from £573m to £633m. Earnings per share jumped more sharply, rising by 14 per cent from 5.1p to 5.8p.

The growth in activity from the group's main businesses was broadly in line with the levels achieved over the past two years, when BT's volumes have benefited from increasing economic activity. Rental income increased by 8.6 per cent to £812m, with the number of business exchange lines increasing by 4.1 per cent and residential by 2.2 per cent. Demand in London, where growth has been fuelled by rapid expansion in the City, was once again particularly high, with private circuit lines increasing by 40 per cent.

Telephone call income increase by 8.3 per cent overall to £1.28bn. Underlying traffic volume, after excluding price increases, was particularly strong in the inland call sector, where turnover increased by 8 per cent against 7 per cent last year, while international call traffic rose by 11 per cent, the same as in 1986.

On the equipment supply side, however, sales were below last year's levels, due to increasing competition, a sluggish overall market in private exchanges, and the aftermath of the industrial action in the winter.

See Lex

Amari rises by 11% to £3.9m

FOLLOWING the falls of last year, profits at Amari were up 11 per cent in the first six months of 1987 with a pre-tax figure of £3.86m against £3.47m. The result was achieved on turnover up from £83.48m to £120.23m, boosted by a number of acquisitions during the past 12 months.

Mr Michael Ward Thomas, chairman, said that as the year progressed industry prices and demand were becoming firmer and the company was benefiting from the investment programme of last year.

In recent weeks Suter has built up a stake of more than 17 per cent in the metals and plastics stockholding distribution and processing group.

Earnings per share were lower at 6p (7.1p). The interim payment is increased from 3p to 3.1p.

The chairman added that the reorganisation of the plastics division had been successful and it was set to achieve record sales and profits for the year.

There had been a pleasing improvement for the US activities following the end of the initial acquisition programme, he added, and that provided a sound base for growth and significant earnings next year.

In the UK the acquisitions completed by Aalco and the engineering developments of Leavlite were now achieving expected profits.

The net interest charge increased to £934,000 (£444,000), tax took £1.45m (£1.43m) and there were minorities of £101,000 (£98,000). Dividends absorbed £982,000 (£873,000) to leave retained profit of £901,000 (£1.2m).

● **comment**

Amari may be heading for record profits and turnover but shareholders should not get too carried away. Even the most optimistic forecasts put earnings per share for this year at less than those achieved in 1985. The company is clearly doing the right things by moving further into higher value added areas like stainless steel tubing where growth of about 30 per cent is being achieved and be decreasing its dependence on aluminium. There are also benefits to come from rising prices and from the diversification into the US, which is so far still making losses. None of this, however, justifies the p/e of 17½ implied by profits forecasts for this year of £7.5m. Investors hoping to make a killing if a takeover is launched for the company should reflect that Suter, the only company with a declared stake, is not known for paying over the odds.

BP expands detergents arm with £3m Crestol deal

BY CLAY HARRIS

British Petroleum has paid £3m for Crestol a leading manufacturer of own-brand shampoos and other hair products. The Bradford-based company supplies many of Britain's leading supermarket chains.

Crestol has annual sales approaching £5m. It will become part of BP's detergents division, which is already involved in own-brand manufacture of consumer products for retailers in the UK and abroad.

Guinness Mahon Development Capital handled the negotiations for the sale to BP, receiving £939,000 for an equity stake in Crestol for which it paid £400,000 last year.

GMDC said yesterday that its investment had enabled Crestol to move into modern premises with advanced laboratory and production facilities and to expand its range of products.

Minty £1.5m acquisition and share placing

THE INTERIM results of Minty, furniture manufacturers, are accompanied by news of a £1.53m acquisition and a share placing to raise a similar amount.

The company is acquiring Aerofoam for 278,043 ordinary shares (which are being placed by Laurence Prust at 450p per share), a deferred payment of £275,000 and a balancing cash payment by the company or Aerofoam to satisfy the amount by which the value of the stock and work in progress exceeds or falls short of £90,000.

Minty has made arrangements to raise £1.5m, before expenses, in cash through the issue of 333,334 new ordinary shares at 450p each to subscribers to be procured by Laurence Prust. The proceeds will be used to finance the working capital requirements of Aerofoam and the payment in about one year's time of the deferred £275,000 as well as other immediate needs including the reduction of current indebtedness of £157,000.

In the half year to August 1 last, Minty incurred an increased loss of £274,108 (loss of £111,645) on a turnover of £1.58m (£1.7m). The loss per 25p share was 13.6p (loss of 5.4p adjusted).

James Wilkes moves up to £0.38m midway

Profits at James Wilkes, maker of printing and box-making machinery and promotional products, rose from £283,163 to £384,314 on turnover down from £5.2m to £3.33m in the first half of 1987.

The directors declared an increased interim of 3.3p—up from 3p last time—and after tax of £137,338 (£106,372), earnings per 25p ordinary share rose from 4.3p to 6.1p.

They said that the company was now aiming to expand the group through the acquisition of companies in fields where substantial growth opportunities existed.

Turnover in the comparable period included £1.4m in respect of activities which have since been discontinued. There was an extraordinary debit of £109,000

ScanBank interest

Scandinavian Bank Group yesterday said it ha dacquired a 20 per cent interest in Commissionaria Mobiliare Europe (CME), the milan-based financial institution that carries out corporate advisory work and acts as a jobber and broker for securities dealing in Italy.

Mr Antoine Khayat, executive director of Scandinavian Bank, said the move presented a major growth opportunity for the bank in view of continued deregulation of the Italian markets.

Scandinavian Bank had a branch presence in Italy.

UK COMPANY NEWS

P&O steams past £100m mark at midway stage

TAXABLE profits at Peninsular and Oriental Steam Navigation (P&O) rose sharply from £69.8m to £101.1m on turnover ahead from £721.3m at £1.2bn in the six months to June 30.

Sir Jeffrey Sterling, chairman, said that although it would be prudent to sound a note of caution regarding some market expectations, the current trading performance of the group gave cause for confidence in the outturn for the year.

The directors declared an interim dividend of 9p (7.5p) on the £1 deferred stock. After an increase in tax charges of £29.3m (£21m) earnings per £1 of deferred stock fell from 18.9p to 17.2p.

Contrary to suggestions made on Tuesday, P&O did not announce a rights issue along with its results. Sir Jeffrey's only comment on the rumoured issue was: "Why should there be?"

Operating profits by divisions showed: service industries, £30.1m (£22m); passenger shipping, £7.9m (£9.1m); housebuilding, construction and development, £33.3m (£20.6m); container and bulk shipping, £21.1m (£9.8m); P&O Australia, £2.1m (£2.6m); and investment property income, £27.2m (£15.9m).

Sir Jeffrey reported that the figures included the results from January 1 of European Ferries, which P&O acquired for £286.6m in January in an agreed merger. Considerable progress had been made in integrating its three main businesses—ferries, ports and properties—into P&O, so further strengthening its market position in several of its existing sectors. The benefit of the work during the first half of incorporating the acquired businesses was now starting to come through.

However, the effect of the integration was not thought to have been material in the first half figures and, in any case, *ferry profits come in the second half of the year.*

The service and investment property companies produced steady growth with the latter being particularly buoyant in the UK. Excellent contributions were made in the housebuilding, construction and development sectors. However, currency movements and the Australian economy did not favour either the shipping businesses or the Australian result.

He said that the listing of P&O in Japan and Australia was planned for later this year and in the same period the offer for the outstanding minority in P&O Australia would be completed. The exchange of the concessionary shares in European Ferries for similar stock in P&O would also be implemented.

Extraordinary and capital items contributed £9.5m (£7m) net of £22.3m tax. They included realised profits of £13m on the sale of properties and *on the sale of £19.8m of* the shareholding in Stockley.

See Lex

WCRS in French agency deal

BY NIKKI TAIT

WCRS Group, the fast-growing advertising agency and communications group, yesterday announced a two-way deal with Groupe Belier, France's number one agency and communications group. The UK company is taking a 49 per cent stake in the French group while Groupe Belier's parent—the publicly-quoted Eurocom—will get 20 per cent of WCRS's advertising interests.

The deal envisages WCRS putting its advertising companies—three in the US, two in the UK, and The Ball Partnership in the Pacific Basin which together produce billings of about \$1.5bn (£904m)—into a new company, WCRS Advertising. It will then swap 20 per cent of this company for a 49 per cent interest in Groupe Belier with Eurocom.

WCRS said yesterday that the assets and profits attributable to the two stakes were approximately equivalent, but that agreement had been reached for it to receive up to £4m in cash, to compensate for the small profit difference—the £4m figure being based on a suitable multiple of the 1987 gap.

Groupe Belier, previously 100 per cent owned by Eurocom, was founded 15 years ago, and takes in four advertising agencies in France, as well as others in Holland, Italy, Belgium and Switzerland. Major clients include BSN, Nestle, Agfa, Duracell and Bayer.

The company currently has billings of about \$550m and pre-tax profits of about FFr 87m (£8.7m). However, deducting minorities and allowing for some restructuring, the projected attributable post-tax profit for 1987 is £3.2m.

The two companies will also see an exchange of top management, with representatives from the French company joining the new company's board and WCRS directors moving on to Groupe Belier. The agreement between the two companies includes various pre-emptive purchase rights should Eurocom's interest in Belier or WCRS's stake in the new company respectively come on the market.

WCRS says the move is part of its strategy of forming a federation of internationally based agencies and gives it a valuable entry into Europe.

Dean Smith loses Knibbs to DC Cook

By Clay Harris

Dean Smith Garages, which thought 2½ weeks ago that it had bought Britain's largest Fiat distributor in a deal worth £1.6m, yesterday found itself gazumped.

D. C. Cook Holdings, USM-quoted motor distributor, announced that it would be buying Manchester-based Knibbs from Burns-Anderson, financial services group. Cook's offer, which emerged only late last week, will be worth £2.45m.

Although Burns-Anderson announced the sale to privately-owned Smith on August 21, after exchanging contracts, completion was contingent on no higher offer emerging. Smith earlier this week declined the opportunity to match the higher bid.

Rotherham-based Cook, which came to the USM in July, is already Britain's largest Nissan dealer. Early last month, it paid £1.42m for Parrish, Austin Rover sole distributor for the York area.

Knibbs' franchises in north-west England include eight for Fiat, two for VW/Audi and one each for Citroen and Lancia. It achieved pre-tax profit of £134,651 on sales of £23.4m in the year to last September.

RANK ORGANISATION is selling 95 per cent of the equity in Rank Industries Asia to Werne Brothers, a Singapore listed company, for £4m cash. Rank will keep 5 per cent of the equity and, for the next five years, Werne will be allowed to operate under the name Rank Industries Asia and the existing names of its subsidiaries.

Touche Remnant defends £241m TR Pacific fund

BY NIKKI TAIT

Touche Remnant, Britain's largest investment trust group, yestrday moved to defend its £241m TR Pacifiec Bason fund, with the publication of alternative proposals which, it claims, betters the hostile offer from Thornton Pacific Investment Fnd.

Under the TR scheme, shareholders would be offered three options. They could either exchange their shares for shares in an open-end investment company based in Guernsey, which would then trade at net asset value; they could switch into shares of a new UK investment trust specialising in smaller Far Eastern markets; or they could cash in and receive cash equivalent to 99 per cent of the net assets attributable to their shares.

TR argues that under its own proposals, shareholders will realise a minimum of 99 per cent of nav, whereas the Thornton scheme envisages giving them an estimated 97.2 per cent. Part of the difference is explained by the management contract with TR, under which Thornton would have a further two years worth of management expenses even if it took over running the fund. If the fund stays with TR, this duplication does not occur.

The Guernsey-based company will offer four separate share classes, all quoted on the Stock Exchange. These will represent a Pacific Basin managed fund, similar to the existing trust, a Japanese fund, a Smaller Pacific Markets fund, and a Sterling Deposit fund. Shareholders can convert between the different classes without incurring any capital gains tax liability.

The new investment trust, TR Pacific Investment Trust, will invest in the smaller Far East markets rather than Japan and Australia. Shareholders representing £25m of the trust assets will have to pick this option before the managers believe it can feasibly be run, and they are setting an upper limit of £75m.

TR, meanwhile continues to defend the investment record of its Far East team, and maintains that the Pacific Basin trust has been obliged to hold a greater share of its assets in Japan than the Thornton company simply because of its large size. Yesterday Lord Remnant, chairman of TR Pacific Basin, said it would be up to boards of other individual TR trusts to decide whether they wished to consider similar schemes.

Allied takes a 13.45% holding in J W Spear

SHARES in scrabble-maker J. W. Spear gained 10 per cent yesterday after Allied Entertainments bought 395,000 shares, taking its holding to 13.45 per cent.

At the same time, Allied—which is the private company owned by Mr Harvey Goldsmith, the pop promoter, and Mr Edward Simons—disposed of its 16.2 per cent stake in Rex Williams Leisure, the snooker equipment manufacturer.

Allied bought its holding of 1.77m Williams shares a week ago today from Stanley Leisure Organisation. Mr Simons said yesterday that Allied made a profit—which he declined to disclose—on the transaction. Williams' shares gained 7p to 112p yesterday, against a price of 92p last Thursday morning.

Mr Simons predicted that Allied would retain its holding in Spear, which has 10 per cent of the UK jigsaw market, for a longer period of time. He has identified synergies between Spear's games and Allied's range of children's videos.

Shares in J. W. Spear gained 25p to close at 265p.

NEW DARIEN OIL Trust reported net asset value at the end of July 1987 of 106.9p against 81.6p a year earlier. In the six months to end-July after-tax profit was £38,793 (£44,384) for earnings per share of 0.39p (0.44p).

Nicademus takes 5.3% holding in Albion

By Fiona Thompson

Nicademus of Jersey has acquired a 5.3 per cent stake in Albion, Belfast-based manufacturer of clothing for men and boys, with the purchase of 200,000 ordinary shares.

Harvard Securities, which just two months ago acquired 429,500 ordinary Albion shares, representing 11.45 per cent, has reduced its holding to 136,215 shares, equal to 3.6 per cent.

The market capitalisation of Albion is £3.9m. The company reported pre-tax profits down from £243,247 to £194,216 in the six months to March 31 on turnover of £3.5m against £3.3m.

W Alexander to get a full SE listing

By Philip Coggan

Walter Alexander, the diversified Scottish group, is joining the main market via an introduction after trading for 11 years on the over-the-counter market.

The company's original business was coachbuilding and it still manufactures the bodywork of many of the country's buses. After slumping into losses in 1985, the coachbuilding division has recovered and made profits of £1.8m in the year to March 31 1987.

The second largest division is Domnick Hunter Filters which sells water and air filtration products and made profits of £1.2m last year. The other three divisions are home products, which manufactures Slumberland duvets and PVC windows and doors, liquid fuel distribution and DIY distribution.

In addition, the company has a portfolio of quoted and unquoted investments worth around £4.8m.

Group pre-tax profits were £5.7m last year on turnover of £72.9m, compared with £4.3m on £66.7m in the previous year. On the basis of the OTC price of 221p, the p/e ratio is 16.4 and the group has a market capitalisation of £60.7m.

Robert Fleming is sponsoring the company and dealings in the shares are expected to start on September 14.

MARINEX PETROLEUM, oil and gas exploration company traded under the Stock Exchange's Rule 535 (3) is merging with another exploration company Teredo Oils and raising £6.28m via a one-for-three rights issue. The enlarged company will apply to have its shares listed on the Luxembourg Stock Exchange.

Seacon gains Milford Docks

Seacon Holdings' bid for Milford Docks Company yesterday was declared unconditional in all respects. Trading in its shares on the Third Market is due to begin on Monday.

The new company embraces Milford, the troubled Welsh harbour operator, and Seacon, a cargo handler and shipping group based in the Isle of Dogs.

Guidehouse Securities, which advised Seacon on the bid, said that the takeover had saved Milford from near certain receivership.

Mr Ian Hay, Seacon Holdings' deputy chairman and joint managing director, said that early investments were planned to encourage the expansion of fishing activities and development of specialist cargo-handling operations at Milford Haven in south-west Wales.

H. YOUNG Holdings: Of the 2.3m new ordinary offered to shareholders on a three-for-10 basis in connection with the proposed acquisition of the Crofton Optical Group, shareholders have applied for 1.59m (69.08 per cent). Placees who have committed to purchase balance will be asked to take up remaining 709,972 (30.92 per cent) new ordinary.

Doctus warrant error

BY STEVEN BUTLER

Doctus, the management consultant company, has had to cancel warrant certificates sent to its shareholders due to an error at the company's registrars that had indicated a one-for-two warrant issue instead of a one-for-10 issue.

New certificates are to be dispatched by September 10.

Separately, John Govett, the unit trust management company, said that it now holds 20.08 per cent of Doctus shares on behalf of clients under management accounts, and 4.83 per cent of the company's preference shares.

Doctus was a private management consultancy that bought 46.7 per cent of the listed Smith Whitworth, the Rochdale-based textile machinery manufacturer, in April. It has since shed the manufacturing operations, although continues to license Smith Whitworth technology and brands. The company name was changed from Smith Doctus to Doctus at the end of August.

Carclo abandons Deritend bid

BY DAVID WALLER

Carclo Engineering last night called off its £25m bid for Deritend Engineering, saying that it intends to let its offer lapse in view of the higher, agreed bid from Christy Hunt, another engineering company.

Deritend rejected Carclo's July bid as unacceptable in amount, in form and in substance. In August, however, it recommended a 20-for-3 share offer from Christy, which values Deritend at £36.6m.

Carclo said that it may dispose of its 11.2 per cent stake in Deritend, accumulated prior to the bid.

CAPITAL & Counties' rights issue of 23.2m units, each unit representing one ordinary share and four 5¾ per cent convertible preference shares, has been taken up in respect of 94 per cent of the offer. Trans-Atlantic Holdings has subscribed for 3m units, the balance of its entitlement, 18.46m units, has been taken up by other investors.

UK COMPANY NEWS

BICC profit rises 29% to £60.4m

BICC, the construction and electric cables conglomerate, boosted taxable profits by 29 per cent from £47m to £60.4m in the first six months of the year. Turnover rose from £977m to £1.15bn.

Sir William Barlow, chairman, said that some sectors of the business were strong in the first half but the main improvement in performance came from the positive achievements of the company's own people. He expected this progress to continue.

He added that among the most important contributions to the improved result were Balfour Beatty's continued growth in its key development areas of building, property development and housing; productivity increases in the cables division following last year's major restructuring; and strong performance from Metal Manufactures in Australia and Phillips Cables in Canada.

The directors declared an increased interim dividend of 4p (3.5p) and after higher tax of £22.7m (£17.4m) earnings per 50p ordinary share moved up from 11.5p to 14p.

BICC Cables had an excellent first half, Sir William said, with profits rising from £18.8m to £20.7m. Major contracts were received from British Telecom and London Transport.

Balfour Beatty continued to perform strongly and lifted profits from £12.1m to £13.4m. It had a record order intake during the period and a strengthening in both the UK and overseas unexecuted orders positions.

BICC International also performed strongly and upped profits from £22.2m to £26.5m. Trading performance in Australia remained strong, partly as a result of continuing cost reductions.

Sir William reported that BICC Technologies' performance was affected by production difficulties and adverse trading conditions in some sectors of its business. As a result profits fell from £8.3m to £3.4m.

Borrowings continued at a low level and as a result interest charges had fallen from £7.4m to £3.6m. Minority interests and preference dividends accounted for £8.3m (£7.6m) and there was an extraordinary credit of £700,000 compared with an extraordinary debit of the same amount last time.

Mr Robert Rankin, chief executive of Balfour Beatty, has joined the board of BICC.

● comment

BICC has had a stodgy record for so long that evidence of real improvement has helped fuel a share price surge from a low of 235p a year ago to yesterday's close of 415p, up 12p. A 29 per cent profits increase on turnover only 12 per cent higher indicates the group's success in cost-cutting, although the problems in integrating factories on Merseyside and in the US shows that rationalisation is not an automatic route to success. Although the BICC management could be forgiven for resting on its laurels, it now has the task of proving it has real long-term growth prospects. Balfour Beatty looks in good shape, with orders of around £1bn on the books; but analysts are less convinced that the cable market will grow as fast as the company thinks. Assuming that full-year profits hit £125m, the shares do not look overvalued on trading terms on a prospective p/e of 14.5; but speculation still centres on the prospect of a major acquisition.

James Neill on course with £3.8m first half

James Neill Holdings, the Sheffield-based hand and garden tool manufacturer, increased pre-tax profits five times over from £748,000 to £3.82m for the six months to June 30.

The results mark both the benefits of reorganisation and expansion including the integration of Spear & Jackson acquired in December 1985 and recovery from the effects of a major fire at the company's main production centre in May last year.

Total turnover was £42.16m compared with £42.69m in the corresponding period of 1986. The directors point out that excluding sales by businesses disposed of in 1986, sales by UK companies were up by 9 per cent and sales by overseas companies were up by 10 per cent. UK operating profits were more than double those in the same period of 1986 at £3.4m (£1.66m). Overseas operating profits were £187,000 compared with a loss of £38,000.

Mr Hugh Neill, chairman, said yesterday that demand for most of the group's products was beyond expectations and the integration of Spear & Jackson into the group was almost complete.

Reorganisation costs incurred in the period totalled £1.61m. An exceptional item of £843,000 comprised loss of profit settlement from fire insurers.

After tax of £624,000 (£320,000), an extraordinary debit of £143,000 and dividend payments of £835,000 (£689,000), earnings per 25p share came to 11.6p (1.5p).

An interim dividend of 3p (2.5p) was declared.

● comment

James Neill is not the company it was a year ago—and a good thing too, many would say. Profits are up five-fold as the company recovers from the havoc caused by the May 1986 fire at the Sheffield factory and the problems of integrating the fractious Spear & Jackson operation into the family. The union has been a success and the consumer DIY and garden tools division looks set to move up from a quarter to over a third of turnover next year. A boom in sales of tools to builders, and to their illegitimate moonlighting cousins, has helped the contractors' tools division, but the industrial hand tools side is showing no growth. The overseas operation is in profit after 18 months' losses and the company is hungry to boost its peanut sized share of the North American market. Acquisitions will probably be piecemeal, and most likely larger than last month's £392,000 acquisition of Saws International of Chicago. The shares remained unchanged at 271p yesterday. Assuming pre-tax profits of just under £8m for the year, this puts the company on a reasonable prospective p/e of about 12.

FTI doubles profits and makes £5m US purchase

Forward Technology Industries, manufacturer of electronics and specialised machinery, more than doubled its first-half profits to £925,000 and announced the proposed acquisition of Tape Inc of the US for up to $8.5m (£5.15m) along with a £5.4m rights issue.

Tape produces plastic welding machinery and leak-testing devices for plastic products. In the year to April 30 1987 profits were $455,000 on sales of $5.6m, with net assets of $1.7m.

Some £150,000 of FTI's pre-tax increase was due to interest savings on the proceeds of last year's rights issue and the disposal of Cambrasound, said Mr Henry Prevezer, chairman. A saving of £179,000 resulted from the sale of lossmaking activities.

A programme of management recruitment and capacity increases in the electronics division affected profitability as growth in ultrasonics was not as marked as in previous years. Profits rose from £1.1m to £1.16m.

The sound and vision operations traded at a small loss of £88,000 (£95,000) as is usual in the first half.

Turnover for the six months to June 30 fell 12 per cent to £13.42m. Earnings per share are 1.6p (1p). As in previous years, there will be no interim dividend.

The initial consideration for Tape will be $4m, with an additional payment of up to $4.5m dependent on Tape's pre-tax profits for the year to December 31 1987. FTI also has an option until September 30 1988 to acquire the land and buildings occupied by Tape for a maximum of $2.08m.

BOARD MEETINGS

TODAY

Interims: Acorn Computer, Associated British Ports, British Mohair, Burmah Oil, Compari International, Cookson, Alan Cooper, Corton Beach, Enterprise Oil, General Mining Union Corporation, Hepworth Ceramic, Home Counties Newspapers, Hyman, John Laing, Laird, Laporte Industries, London United Investments, Memory Computers, Montedison, P-E International, Rolls-Royce, Rowntree, Royal Dutch Petroleum, Schroders, Shell Transport and Trading, Tavener Rutledge, Tricentrol, Tyne Tees Television.

Finals: Continental Microwave, DPCE, Framlington, John Haggas, Harmony Gold, Iectron, New Cavendish Estates, Pifco, Sirdar, Thomson T-Line.

FUTURE DATES

Interims—

Allied Insurance Brokers	Sept 14
Baird (William)	Sept 17
Beatson Clark	Sept 21
Bonded Laminates Profiles	Sept 16
DRG	Sept 16
Etam	Oct 1
Foseco Minsep	Sept 30
Hall Engineering	Sept 15
Hay (Norman)	Sept 28
Jones and Shipman	Sept 16
KCA Drilling	Sept 11
Polypipe	†Sept 23
Television Services Intnl.	Sept 25

Prudential profits surge 50% to £103m at halfway point

BY ERIC SHORT

Prudential Corporation, Britain's largest life assurance and financial services group, yesterday reported a 50 per cent jump in pre-tax profits from £67.2m to £103m at the interim stage to the end of June.

Profits attributable to shareholders also climbed 50 per cent from £46m to £70.1m, with earnings per share rising from 14.4p to 19.3p. The interim dividend is increased by 15 per cent from 10p to 11.5p.

Mr Brian Corby, group chief executive, reported steady progress in long-term business profits, up by £19m to £83.4m. This included for the first time profits from US company Jackson National Life, acquired at the end of 1986, amounting to £8.1m.

He also reported a continued recovery in the group's general insurance operations, with a pre-tax profit of £4.6m compared with a loss of £14.6m in the first half of last year.

In the UK, general insurance operations saw the trading loss cut from £12m last year to £1.4m, despite the impact of the severe weather in January which cost £7.5m.

The home service domestic property business reduced its trading loss from £4.6m to £1.4m. But the bright spot in the UK general insurance operations was the return of the motor account to a trading profit of £600,000 against a loss of £4m.

Overseas, the general insurance operations showed a trading profit of £4.3m compared with a £200,000 loss in 1986. Improved results were reported from Canada and most other countries, but there was a fall in trading profit in Belgium.

The general reinsurance operations of Mercantile and General Reinsurance showed reduced underwriting losses leading to a trading profit of £1.7m against a £2.4m loss last year. The improvement would have been greater but for a £3.5m strengthening in prior year reserves on marine business.

The estate agency operation, Prudential Property Services, which now has 565 branches, produced a pre-tax profit of £400,000—the relatively small size of the profit being an inevitable consequence of the costs involved in the rapid expansion of the operations.

● comment

Prudential's interim results were in line with expectations, with the strong recovery in UK motor insurance offset by disappointing results from Mercantile and General, where the improvement is slower than anticipated. Indeed, the general insurance results, while showing a strong recovery are still showing underwriting losses that are short of being acceptable and the group still has to do more in the way of rating increases. The reserve strengthening in M and G will continue in the second half. Nevertheless, the continued rise in life profits, with Jackson National Life now playing its part, and the estate agency operation showing a better return on the amount invested, should produce pre-tax profits for 1987 of at least £230m and shareholders can expect a 16 per cent dividend increase to 33½p. The drop of 5p to £10 in the share price, reflected the general weakness in this sector.

Budget and bad weather dent Nurdin & Peacock

A COMBINATION of the effects of the Budget and bad weather was a major factor in the 34 per cent downturn in taxable profits in the first half at Nurdin & Peacock, cash and carry wholesaler.

Profits fell from £4.81m to £3.17m on turnover up from £392.08m at £423.55m in the six months to July 4. The directors declared an interim dividend of 1.6p (1.6p restated) and after tax charges of £1.12m (£1.71m) earnings fell from 3.3p to 2.1p.

Mr Michael Peacock, chairman, had in June warned shareholders that profits would dip below last year's figure and he confirmed that the period had "proved one of the more difficult in recent years." The Budget had had a considerable effect on sales and profits and the continuing unhelpful weather had also had a bearing on both.

Mr Peacock said that the company had moved into new offices and opened a new warehouse and new branch. These represented considerable investments for the future and were running smoothly.

He added that another reason for the dip in profits was a significant upsurge in theft, which the company had stepped up its efforts to combat.

● comment

For the second time running Nurdin & Peacock has blamed the Budget for a poor profit performance. Gambling on a rise in duty on cigarettes and booze staples, there was overstocking on such a scale that the full year to January 3 was £1m short of expectations and the first half of this year was £1½m down on the July 1986 level. Worse news is that the picture is yet to improve—even pilfering is on the rise. Sales growth has slackened from last year's promising 16.5 per cent to something closer to 9 per cent, suggesting that the gains from own-label and Happy Shopper were one-off and that something new is needed to boost turnover in what is a very low margin business. Brokers have chopped £2m off their forecasts, reducing expectations to just over £18m—a little ahead of 1986's year-end total. The shares, down 10p at 181p, are unlikely to be much sought after until the market's confidence is restored.

COMPANY NEWS IN BRIEF

WAYNE KERR (USM-quoted electronics manufacturer) is buying certain assets and intellectual property of ATE Systems for £235,000 cash. ATE Systems manufactures low-cost ATE systems for pcb testing.

CITY OF LONDON Public Relations: Company intends to seek USM quote in spring 1988. Turnover in year to April 4 last was £725,000 (£632,000) and pre-tax profit £457,000 (£386,000).

MALLETT (antique dealer and restorer, made public in March 1987): Interim dividend 1.3p per 5p share. Turnover £5.34m (£4.6m) and pre-tax profit £1.58m (£1.32m). Tax took £515,000 (£443,000) leaving earning per share of 7.6p (6.44p).

INSTEM (USM-quoted computer applications specialist) reported sharply reduced pre-tax profits of £154,000 for the 26 weeks to June 26 compared with £480,000. Turnover was £3.78m (£3.65m). The directors blamed increased expenses and decreased contract margins for the profits decline. The interim dividend is unchanged at 1p and earnings per 10p fell to 2.16p (6.69p).

FII-FYFFES, Dublin-based fruit and vegetable merchant, is moving from the USM to a listing on the London and Irish stock exchanges. It is expected that the shares will be admitted tomorrow and dealings will begin on Monday.

YEARLING BONDS totalling £1.45m at 10⅜ per cent, redeemable on September 14 1988, have been issued by the following local authorities. Bedfordshire County Council £0.75m; Northavon District Council £0.25m; Kettering Borough Council £0.2m; Wansbeck District Council £0.25m.

T & N lifts interim profits to £36m but earnings decline

BY STEVEN BUTLER

PRE-TAX profits at T & N, formely Turner & Newall, the engineering and building materials group, rose 75 per cent to £36.3m in the first half of the year, reflecting the addition of the AE automotive component businesses acquired at the end of last year. Turnover for the first half hit £482.7m for the combined group, compared to £266.6m

Earnings per share, however, declined from 12.76p to 10.77p, although Sir Francis Tombs, chairman, yesterday went to some lengths to explain that earnings were not diluted by the takeover of AE, which was fiercely contested, and the subsequent rights issue aimed at reducing group debt.

Sir Francis said the decline in earnings came mainly from poor mining results in Zimbabwe and increased legal costs in the US stemming from asbestos-related property cases.

Operating profits in Zimbabwe fell by £2m to a £0.5m loss, while trading profits in the construction materials and mining division fell from £4.0m to £1.7m on a flat turnover of £34m.

US legal costs reached £3m, which were included as part of £4.4m of unallocated costs, compared to £1.9m in 1986. Asbestos-related disease claims rose from £0.5m of income (reflecting insurance reimbursements) to a payout of £1.7m.

Group gearing declined from 59 per cent at the start of the year to 33 per cent at the end of June, and Sir Francis expressed confidence that gearing would continue to fall rapidly in the second half of the year supported by the group's cash flow. Net interest charges none the less rose to £10.8 from £3.1m in 1986.

T and N said that the performance of its own companies had improved during the period, and that it had been able to reduce working capital and raise productivity at the acquired AE companies.

An interim dividend was declared at 2.75p, up from 2.5p

● comment

Turner and Newall, now reincarnated as T & N, appears to have come a long way toward integrating AE into its own style of management. Mass management defections at AE did not take place, orderbooks are fat, and rationalisation programmes are taking effect in many of the acquired companies. It is none the less difficult to accept T & N's argument that no dilution has taken place. If all this improvement has come through so quickly, as they argue, why are earnings so flat? Pre-tax profits forecasts of £79m for the year would put the shares on a multiple of about 11. That is undemanding in today's market, but T & N is unlikely to take off quickly, and even if fears of asbestos-related claims are overblown, they will continue to overhang the share price.

Cantors more than doubled at £2.2m

CANTORS, the house furnishing retailer which has embarked on an acquisitions policy, more than doubled pre-tax profits to £2.24m for the year to April 4 on turnover up 13.7 per cent to £32.1m.

Directors said negotiators Directors said negotiations were under way to acquire an existing furnishing business with a freehold property for 575,000 in cash and a further freehold property for £617,000.

Interest payments fell from £223,000 to £177,000, and the surplus on the sale of freehold properties was £466,000 (nil). No liability for capital gains tax was expected for these disposals as proceeds had been reinvested in other properties, they said.

Earnings per share rose from 12.71p to 23.34p, a figure which fell to 16.49p disregarding the property sales profits. A final dividend of 2p will make a total of 3p for the year.

The board is proposing a one-for-one scrip issue.

TORDAY & CARLISLE: Interim dividend 2.3p (1.9p) for six months to June 30. Turnover £8.56m (£7.43m) and pre-tax profit £403,000 (£318,000). Tax was £156,000 (£135,000) leaving earnings of 9.8p (7.5p).

Wimpey builds up profits to £35.4m

BY DAVID WALLER

BOOSTED by the elimination of exceptional losses and recovery at its associated companies, George Wimpey lifted pre-tax profits by 55 per cent in the half-year to the end of June.

The contractor, housebuilder and property company made profits of £35.4m, £12.6m more than in the first half last year. The result was ahead of stockbrokers' expectations and the shares ended the day 6p ahead at 260½p, after moving up by 20p at one stage.

"Every division was ahead of budget at the end of June," Sir Clifford Chetwood, chairman, said. "We are now generating quality profits from every division. I have not been able to say that before."

Although Wimpey does not give a divisional breakdown of profits or turnover, Sir Clifford said that housebuilding provided the impetus behind the increase in operating profits, from £25.6m to £33.2m.

Wimpey Homes completed nearly 500 fewer houses than it did in the comparable period last year, reflecting its decision to move up-market from sales to first-time buyers. Of the 4,461 houses completed in the UK, only 40 per cent were sold to first-time buyers, as opposed to 53 per cent in 1986.

After an encouraging first half, Wimpey Property is likely to be bolstered in the second half by the sale of Theodor Heuss Allee, a large office complex in Frankfurt. Sir Clifford confirmed that a sale was imminent and a profit likely on disposal.

There were no exceptional items, against a £1.8m charge last time, and associate companies contributed £2.2m to pre-tax profits, against a loss of £1m in the same period last year.

After interest of £10m (£9.6m) and tax of £6.4m (£3.6m), earnings per share were 6.3p, against 3.41p. The interim was doubled to 2p per share.

● comment

George Wimpey will remain something of an enigma until such time as it gives some sort of breakdown of its many activities. Until that day, investors will have to content with the observation that the company is afflicted on the one hand by flimsy margins on its contracting activities, and bolstered on the other by buoyant conditions in the market for new houses. Here, Sir Clifford Chetwood has chosen to desert the first-time buyer and move up-market, as reflected in the higher average price of the houses sold in the first half — £44,500, against £34,900 in 1986. At one time, this pursuit of profit at the expense of turnover might have been considered heretical at Wimpey — but in the 4½ years since he has been chairman, Sir Clifford has clearly wrought some changes. At 260½p, the shares are one a fair prospective p/e of 12 if Wimpey makes £85m in the full year.

MTM below expectations

BY IVOR DUCE

THE INTERIM results from MTM, formerly Marlborough Technical Management which came to the market a year ago, are disappointing with pre-tax profits for the first half of 1987 showing a £77,000 decline to £1.81m.

Analysts had been looking for about £6m from this manufacturer of speciality chemicals for the whole of 1987, compared with £4.2m for 1986, but a number of factors combined to hold the group in check.

Mr Richard Lines, chairman and chief executive, said the results for the period were below the board's best expectations principally due to the substantial level of capital expenditure, the adverse effects of currency movements, which cost about £300,000, and a reduction in worldwide demand for antibiotic intermediate.

Meanwhile terms have been agreed for the acquisition of a Midlands-based manufacturer of fine chemical intermediates for £2m.

Turnover rose from £16.88m to £19.16m; tax was £417,000 (£320,000) which, after minorities of £20,000 (£435,000) leaves earnings per 5p down 1.1p to 3.8p.

An interim dividend of 1p is declared. The company made a single payment of 0.7p for 1986, equivalent to 2.7p for a full year.

Next acquisition

Next, the fashion and furnishings group, has added eight more London sites with the purchase of Fil a Fil, retailer of men's and women's clothing, for £800,000.

Fil a Fil, founded in 1983 to operate a franchise for a French fashion group, ceased trading with the completion of the deal. Next will use the new premises, most of which contain only 400 to 500 sq ft, as additional outlets for its shoes and accessories shops.

The shops are held on leases ranging from 15 to 25 years.

Fitch goes shopping as profits rise 37%

Fitch & Company Design Consultants, whose clients include the Manpower Services Commission, the Burton Group and the Midland Bank, increased pre-tax profits 37 per cent from £745,000 to £1.02m for the half-year to June 30.

It celebrated this and an increase in turnover to £5.58m (£4.73m) by announcing yesterday the acquisition of Gordon Benoy, a firm of architects with expertise in shopping centre development, for an initial consideration of £1.5m, increased to a maximum of £4.5m if profit targets are met.

The total consideration will be settled in new ordinary shares due in three tranches.

Mr Rodney Fitch, chairman, said that with the acquisition, the company will be better placed to lead major development projects itself.

"Our objective is to be a substantial international design business. We will achieve our aims through a programme of organic growth and acquisitions

He said that the first six months had seen substantial new business gains.

After taxes of £367,000 (£283,00) earnings per 10p share increased to 12.7p (9p).

An interim dividend of 2.5p (2.2p) was declared, costing £120,000 (£112,000).

Abbott Mead at £1.25m

Abbott Mead Vickers, advertising agency, *reported an 18* per cent increase from £1.06m to £1.25m in pre-tax profits for the half year ended June 30.

Gross billings were up by 45 per cent from £24.78m to £35.95m. Mr David Abbott, chairman, said that the seasonal pattern was returning to the pre-1986 shape, with billings being more heavily weighted towards the second half of the year, so prospects for the rest of 1987 looked encouraging.

Tax accounted for £469,000 (£415,000) and minorities this *time took £3,000, leaving attributable* profits of £780,000 (£649,000) for earnings of 6.11p (5.21p) per 5p ordinary.

The interim dividend is increased from 1.5p to 1.8p.

Among AMV's new accounts are *British Telecom (corporate advertising)*, Rank Hovis McDougall (Tiffany frozen foods), the Canadian brewer Labatt and the Swedish furniture retailer IKEA. Leagas Delaney, acquired last year, also had a productive first half.

Public Works Loan Board rates

September 9

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10⅞	—	—	11⅛
Over 1, up to 2	10⅞	10⅞	10⅞	11⅛	11⅛	11⅛
Over 2, up to 3	10⅞	10⅞	10⅞	11⅛	11⅛	11⅛
Over 3, up to 4	10⅞	10⅞	10⅞	11⅛	11⅛	11⅛
Over 4, up to 5	10⅞	10⅞	10⅞	11⅛	11⅛	11⅛
Over 5, up to 6	10⅞	10⅞	10⅞	10⅞	10⅞	10⅞
Over 6, up to 7	10⅞	10⅞	10⅞	10⅞	10⅞	10⅞
Over 7, up to 8	10⅞	10⅞	10¾	10⅞	10⅞	11
Over 8, up to 9	10⅞	10⅞	10¾	10⅞	10⅞	10⅞
Over 9, up to 10	10¾	10¾	10¾	10⅞	10⅞	10⅞
Over 10, up to 15	10¾	10⅞	10½	11	10⅞	10¾
Over 15, up to 25	10½	10¾	10⅜	10⅞	10¾	10⅝
Over 25	10½	10⅝	10	10⅝	10¾	10½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Vita to raise £42m for further acquisitions

BY TERRY POVEY

British Vita is to raise £42m through a one-for-five rights issue, its first since 1980, to fund a divisionally based acquisition programme. Interim pre-tax profits up almost two-thirds at £13.1m were also announced yesterday.

The foam rubber, fibre coatings, polymer compounds and mouldings company has already announced plans to acquire Germany's Metzeler Schaum group of companies for some £10m. To this, some £20m for debt repayment and working capital needs has to be added. Metzeler has a turnover of about £120m and is presently not making any profits.

Mr Robert McGee, chief executive and, from the year-end, British Vita's chairman, explained that although internal cash generation would have been enough to fund Metzeler plus other capital expenditure plans without increasing gearing, this would limit the ability of divisional managing directors to "go out and find appropriate add-on businesses."

After the rights issue and the Metzeler commitments, Vita will have some £10m net in cash and shareholders funds of about £100m — leaving room for an approximate £60m spend on acquisitions.

The share offer is priced at 475p, a 14 per cent discount to Tuesday's overnight level, and is underwritten by N. M. Rothschild with Kleinwort Grieveson Securities and Henry Cooke, Lumsden acting as brokers to the issue.

Vita's turnover for the six months to June rose by £23.4m to £134m with once again a strong result from the group's European operations. The UK units contributed £3.87m (£2.51m) to the pre-tax total, Europe £7.11m (£4.16m) and international £2.09m (£1.46m). Interest paid totalled £179,000 (£910,000).

After taxes of £5.68m (£3.42m), attributably profits were £7.4m (£3.421m), producing earnings per share of 16.1p (10.3p—after restatement for the 1986 scrip issue). An interim dividend of 4p (2.67p) is to be paid.

● comment

After two slow years, 1984 and 1985, British Vita discovered that it had to spend to grow and gearing in the teens was abandoned for something in the 40 per cent region after Solvay. However, the smallness of shareholders funds — presently £57m — has clearly become something of a straightjacket for a company with a market capitalisation of £250m. The rights issue proceeds will boost the borrowing base and, going by the record, be carefully spent. Mr McGee appears prepared to allow gearing to rise up, temporarily, to the 50 per cent level for a spate of acquisitions that have arisen from his "go forth and multiply" instructions to the group's 22 managing directors. Forecasts for this year suggest that £28m is possible, putting the shares at 546p (8p ahead of the theoretical ex-rights price) on a diluted prospective p/e of 17, a buy especially if the price drops as the new shares hit the market.

Alumasc profit rise surprises City

BY NIKKI TAIT

Alumasc Group, maker of products for the brewing, building and security industries, surprised the City with pre-tax profits almost doubled from £2.77m to £5.03m in the year to June 28 1987.

Earnings per share showed an even greater rise, from 15.8p to 28.2p, and the shares jumped 30p to 450p. It came to the market 15 months ago at 150p.

The sales increase was more modest, up from £26.4m to £30.9m. Within that figure, brewery products, including kegs and casks and dispensing equipment, remained by far the largest division, contributing £17.6m (£15.9m). There was better growth in precision components, however, with sales of £5.39m (£3.62m). Customers for this division include IBM and Honeywell Bull.

On the building products front, sales rose more modestly, from £4.2m to £4.87m, while turnover of security products was 12 per cent higher at £2.97m.

Operating profits, meanwhile, increased by almost £2m to £4.95m, and the pre-tax level was achieved after a switch from last time's £251,000 net interest charge to £79,000 of interest earned, reflecting cash which came in from the company's float.

The tax charge comes down from 34 to 31 per cent or £1.56m, leaving net profits of £3.46m. The company is paying a final dividend of 5p, making a total for the year of 7.5p.

Mr John McCall, chairman and chief executive who led the company's buyout from Consolidated Gold Fields in 1984, said that the new £2.5m stainless steel keg plant was on course and should start taking orders later this year. In the next 12 months this could help boost the company's overseas sales, possibly doubling exports to about 10 per cent of turnover, he added.

HICKSON INTERNATIONAL has sold wholly-owned subsidiary James Robinson & Co, Huddersfield-based manufacturer of dyes and chemicals to Holliday Chemical Holdings of Huddersfield for £2.46m cash. Prior to completion Hickson received repayment of £2.54m of inter-company loans from Robinson.

APPOINTMENTS

Joining Willis Faber board

Mr J. D. Rowland, chairman of Stewart Wrightson Holdings, has joined the board of WILLIS FABER as a deputy chairman. Mr S. R. Harrap, Mr G. R. Jones and Mr P. J. Osborn, directors of Stewart Wrightson, have become directors of Willis Faber, while Mr A. T. Gregory, a non-executive director of Stewart Wrightson, becomes a non-executive director of Willis Faber. Mr A. H. C. Colls will be leaving Stewart Wrightson to pursue his own interests.

★

HOLCO TRADING COMPANY, London part of the E. D. & F. Man group, has appointed Mr Colin Morris as chairman and Mr Mike Metcalfe as managing director.

★

VPI (NORTH AMERICA) INC, the North American holding company of the VPI Group (formerly Valin Pollen International) has appointed Mr Simon Strauss as chief financial officer from September 14. Initially he will be seconded to the Carter Organisation, where he will co-ordinate the development of computerised accounting systems.

★

Mr Claude Kauffmann has been appointed an adviser to WOOD GUNDY INC. He recently retired as an executive director of Standard Chartered Bank.

Mr Robert Rankin, chief executive of Balfour Beatty, joins BICC board.

Mr Robert C. M. Rankin, chief executive of Balfour Beatty, has been appointed to the BICC board. He joined the company in 1964, and has been managing director (and subsequently chief executive) of Balfour Beatty since February 1986. Mr D. A. Holland will retire as chairman of Balfour Beatty and from the board of BICC on December 31, but will continue as a consultant. Mr R. A. Biggam, chief executive of BICC, will, in addition to his current responsibilities, become chairman of Balfour Beatty from January 1.

★

WARWICK PUMP AND ENGINEERING CO, Oxford, has appointed Mr David Irwin as marketing director. He replaces Mr Mike Lang who has left to pursue a marketing consultancy career.

★

GREIG FESTER GROUP has appointed Mr A. Gladwin to the board of Grieg Fester.

★

SIMON ENGINEERING has appointed Mr Derek L. Davies and Mr Brian R. C. Kemp as executive directors. Mr Davies is operating group managing director of the engineering services group.

★

PRODUCE STUDIES has appointed Mr Roger Blaney to the board. He was sales and marketing divisional director of West of England Farmers.

★

Mr John C. Airey has been appointed a partner of NEVILLE RUSSELL at the Sutton office, where he will be heading the small business and franchising advisory services group.

★

Mr Edward W. Clark has joined HEIDRICK AND STRUGGLES INTERNATIONAL as head of financial services in London. He was a partner in the European financial services d ivision of Korn Ferry International.

★

Mr George Duncan has joined the board of DEWE ROGERSON GROUP as a non-executive director. He is chairman of Allied Steel and Wire, the Household Mortgage Corporation, and Whessoe, and a director of a number of public companies.

★

BRITISH GAS has made the following appointments: Mr James Harris, HQ director (operations) to be regional chairman, British Gas Northern; and Mr Douglas Ebdon, regional director of corporate planning and management services, British Gas Southern, is to be regional deputy chairman, Scotland. Mr Harris takes up his new appointment on January 1. He succeeds Mr Keith Summersgill who retires on December 31. Mr Ebdon takes up his appointment on October 19.

★

Mr John Jones is now financial director and company secretary of BANDAI UK.

★

Mr David Holmes, company accountant at HUMBER FERTILISERS, Stoneferry, Hull, has been appointed company secretary. He will continue as head of the accounts department.

★

Mr Joe Owens has been appointed development director of PHILIPS TMC, Glasgow. He was plant director.

★

BLAGDEN INDUSTRIES has made the following changes. The retained plastics activities of the group are consolidated into the UK packaging division, of which Mr G. M. Sanderson becomes deputy managing director and commercial director. Other members of the new divisional board are: Mr D. T. Wilkinson (chairman), Mr D. R. S. Walde, Mr G. C. Smith, Mr T. Schreiber and Mr J. C. Kidby.

★

DIMEX TERO-TECH has appointed Mr Michael Atkins as group finance director. He was with the GKN group.

★

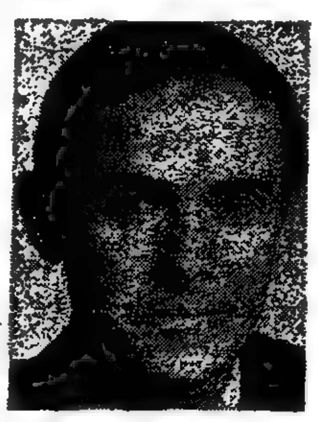
From October 1, Sir William Bentley will succeed Sir Alan Campbell as chairman of the SOCIETY OF PENSION CONSULTANTS. Before his retirement Sir William was British Ambassador to Norway.

★

SOFTWRIGHT SYSTEMS has elected Mr Mike Smith and Ms Susan Harris as directors.

★

Mr Les Brown, north west regional manager for SWINTON INSURANCE, has been appointed group administration manager.



Mr Terence Webb, head of North American equities, Gartmore Investment Management.

Mr Terence Webb has joined GARTMORE INVESTMENT MANAGEMENT as head of North American equities. He will be joining the boards of Gartmore Fund Managers and Gartmore Pension Fund Managers. Mr Webb was with Foreign & Colonial Management where he was the director responsible, with an American specialisation, for UK pension fund and foreign institutional business.

★

Mr Colin Steers has been appointed group compliance officer of ABBEY LIFE GROUP. He joined Abbey Life in 1972 His previous posts were planning manager, head office training manager, and personnel manager. To ensure that advice and service are given in accordance with the Financial Services Act 1986, authorised businesses are required to appoint a designated compliance officer responsible for establishing, applying and maintaining rules and procedures in all areas of the business.

★

Mr Ron Woodman, marketing manager for The Newcastle Breweries, has become the first marketing manager at what is claimed to be Europe's biggest shopping centre, the METRO-CENTRE, in Gateshead.

★

Mr Ian Greer has become chairman and managing director, and Mr Brian J. Baxter, Mr Peter Houlden and Mr John Roberts have been appointed directors of IAN GREER ASSOCIATES.

★

Mr Kevin Welch has been appointed retail marketing director of PICKFORDS TRAVEL. He was marketing manager with Weetabix.

★

Mr John Hughes has joined the board of HENDERSON ADMINISTRATION as director of information technology. He was director of systems at Barclays de Zoete Wedd.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1986							
1st qtr.	109.1	102.8	97	119.2	146.9	3,171	166.5
2nd qtr.	109.8	104.0	97	121.3	154.0	3,203	175.0
3rd qtr.	110.9	105.0	96	123.7	156.7	3,202	200.2
4th qtr.	110.8	107.1	94	126.5	164.2	3,141	212.0
1987							
1st qtr.	111.3	107.2	91	125.4	157.0	3,073	210.4
2nd qtr.	112.4	108.9	91	128.3	165.0	2,965	226.1
January	110.6	105.6	95	123.6	158.4	3,114	210.3
February	112.4	108.1	93	127.0	154.5	3,086	207.1
March	112.5	107.8	91	125.5	157.8	3,040	210.6
April	112.1	108.2	90	128.0	160.0	3,018	213.9
May	113.1	109.0	90	125.4	161.3	2,952	231.2
June	111.9	108.5	91	129.4	167.3	2,925	233.3
July				131.2	173.7	2,878	234.0

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	102.9	101.4	115.0	101.5	109.3	103.1	14.6
2nd qtr.	105.3	101.0	115.9	102.5	110.0	104.1	19.5
3rd qtr.	106.5	101.0	117.5	103.1	109.0	103.1	19.4
4th qtr.	108.3	102.4	118.1	104.6	115.4	104.5	15.5
1987							
1st qtr.	107.3	103.3	118.0	105.5	114.9	102.8	17.4
2nd qtr.	109.6	103.9	117.5	106.7	121.4	104.4	19.4
January	105.5	102.3	116.4	104.0	107.0	103.0	12.7
February	108.0	103.4	118.7	106.8	122.0	103.0	18.6
March	107.2	104.1	118.9	106.0	116.0	102.0	20.8
April	108.1	103.6	117.5	106.8	117.9	104.0	18.1
May	109.8	103.5	119.0	107.0	122.0	104.0	20.2
June	109.9	104.7	116.2	107.0	125.0	105.0	19.9
July							19.4

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1986							
1st qtr.	117.5	124.9	−1,227	+893	+1,890	101.0	18.75
2nd qtr.	121.9	129.1	−1,608	+135	+765	102.5	19.29
3rd qtr.	122.6	132.0	−2,391	−918	+621	102.3	22.43
4th qtr.	130.5	144.0	−2,725	−939	+755	100.9	21.95
1987							
1st qtr.	130.0	132.2	−1,135	+471	+1,164	100.5	27.04
2nd qtr.	125.3	148.7	−2,261	−561	+1,033	102.7	34.26
January	124.6	131.4	−517	+ 18	+383	100.2	21.95
February	133.4	138.0	−298	+333	+328	100.4	22.26
March	126.9	130.2	−417	+119	+454	100.8	27.04
April	131.4	136.6	−526	+ 74	+433	102.5	29.81
May	123.9	144.2	−1,096	−496	+365	103.5	34.68
June	123.5	139.1	−740	−140	+245	104.4	34.38
July	121.2	147.6	−910	−310	+284	103.1	34.91
August							34.4

FINANCIAL—Money supply M0, M1 and M3 (three months' growth at annual rate), bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.2	+6,203	2,230	+853	11.50
2nd qtr.	2.1	25.9	27.3	+6,455	1,423	+846	10.00
3rd qtr.	5.9	20.2	15.4	+6,995	168	+792	10.00
4th qtr.	7.6	15.2	14.1	+10,516	2,814	+444	11.00
1987							
1st qtr.	2.2	26.6	26.3	+6,685	1,495	+952	10.00
2nd qtr.	3.5	23.7	23.2	+8,654	1,804	+1,033	9.00
January	7.7	18.1	13.5	+1,701	446	+257	11.00
February	0.1	10.9	17.8	+2,881	472	+296	11.00
March	−3.8	33.8	29.4	+2,083	547	+389	10.00
April	0.1	28.6	23.6	+1,989	727	+410	9.50
May	5.5	37.6	32.3	+2,734	521	+294	9.00
June	4.5	30.2	21.9	+3,931	556	+323	9.00
July	7.7	34.6	22.6	+4,282	347	+223	9.00
August							10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	143.4	96.5	96.9	1,825	75.1
2nd qtr.	184.0	125.8	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	128.8	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,608	68.2
1987							
1st qtr	192.0	128.8	149.3	100.3	100.5	1,580	69.9
2nd qtr.	198.0	128.7	150.8	101.9	101.8	1,598	72.8
January	190.4	131.7	148.9	100.0	100.0	1,602	68.8
February	191.2	129.6	149.3	100.4	100.7	1,601	69.0
March	194.5	128.2	149.7	100.6	100.7	1,539	71.9
April	195.9	128.4	150.5	101.8	101.6	1,554	72.4
May	198.1	128.9	151.0	101.9	102.2	1,612	73.3
June	199.9	129.6	151.0	101.9	101.6	1,629	72.6
July		129.3	151.2	101.8	100.4	1,632	72.8
August						1,655	72.3

* Not seasonally adjusted.
† Net changes in amounts outstanding, excluding bank loans.

COMMODITIES AND AGRICULTURE

The hunt for Manitoba's golden garter

BY DAVID OWEN IN TORONTO

MANITOBA'S ANSWER to the grouse shooting season is in full swing this week in the Interlake area of the province.

At least 200 intrepid serpent hunters, armed with provincial licences, are determinedly combing the region in pursuit of garter snakes. They are expected to bag around 60,000 of the attractive black, yellow and green reptiles before their two-week licences expire on September 15.

Being harmless to man and easy to handle, the snakes are a much sought after commodity in North American and European universities, medical centres and pet shops. They are particularly numerous around Interlake because of a broken substratum of limestone which provides the below-frost-line crevices which they need to hibernate.

According to Mr Bill Koonz, a wildlife biologist at the Manitoba department of natural resources, the reptiles generally hibernate together in favoured dens in groups of up to 40,000. When a hunter stumbles upon a well-populated den, he says, "it's like finding a gold mine."

The market for garter snakes has apparently been rather soft in recent years, due partly to the large numbers being taken. Since the season was extended from one to two weeks in 1982 the average annual haul has been over 60,000. A record 100,000 snakes were netted in 1985.

Mr Koonz estimates that catchers will this year receive between 50 and 55 cents per snake from local dealers. This, he says, is well up on the 10-25 cents unit price of the early 1970s, but constitutes hardly any increase from the 50 cents per animal going rate of 1980.

The outlook for aspiring hunters, many of whom inhabit a nearby indian reservation, may be about to improve, however, if Mr Koonz's fears regarding the falling local garter snake population are well-founded.

"More and more of the existing dens are being found," he says. "They can become depleted fairly quickly." In addition, it seems, "literally thousands" of the snakes are run over as they migrate up to 12 miles to their denning areas.

Ministry steps up rhizomania battle

By David Blackwell

THE MINISTRY of Agriculture has reduced the amount of soil allowed on imported vegetables from 2 per cent to 1 per cent by weight as part of its battle against the sugar beet disease rhizomania.

Mr John MacGregor, Minister of Agriculture, also plans to introduce swiftly legislation on the disposal of waste soil by users of imported vegetables. At present the disposal of waste is governed by a voluntary code.

Rhizomania — or root madness — was discovered for the first time in the UK just over two weeks ago on a farm near Bury St Edmunds. The National Farmers' Union, which yesterday met Mr MacGregor to press for compensation to farmers with the disease on their land, has been seeking tougher controls on vegetables imported from the Continent, where rhizomania is widespread.

Mr Simon Gourlay, NFU president, welcomed the Ministry's action. But he was disappointed the Minister had not taken up the union's plea for imported vegetables to be washed in their country of origin.

Rhizomania is spread by contaminated soil, and strict quarantine conditions have been imposed on the affected farm. Ministry officials have been unable to find any traces of the virus in farms within a five-kilometre radius of the diseased field.

They are widening their tests to a 10-kilometre radius, but are still mystified as to the source of the outbreak. Mr MacGregor said scientists believed the virus could have lain dormant on the farm for up to six years.

Mr MacGregor assured the NFU that the Government was "doing absolutely everything possible to control the situation."

China denies maize import ban report

CHINA WILL continue to import maize if the price is right, according to an official of the state trading company, reports Reuter from Peking.

He said a report carried by the New China News agency this week, quoting the Commerce Ministry as saying imports would be halted in October, was inaccurate.

The official, from the import department, of the China National Cereals, Oils and Foodstuffs Import and Export Corporation, said the country had not changed its policy.

"We have imported this year several hundred thousand tonnes of corn (maize) and will import more if the price is right," he insisted.

Asked how the inaccurate report could have appeared he replied: "Even a tiger sometimes takes a catnap."

Opec ministers to study reports of overproduction

BY RICHARD JOHNS IN VIENNA

TWO MINISTERIAL committees of the Organisation of Petroleum Exporting Countries will meet here tomorrow to discuss reports that production by member states is far exceeding agreed quotas and also to investigate suspicions about price cutting.

The most probable outcome of these discussions involving five of the chief delegates of the 13 member group, is a mission to the Gulf by Mr Rilwanu Lukman, current present of Opec, and Nigerian Minister of Oil, to plead for greater output restraints by Iraq, Iran and Kuwait.

None of these countries will be represented on the committees, which were appointed by the last ministerial conference here at the end of June.

One, comprising the chief delegates of Nigeria, Indonesia and Venezuela, was instructed to "motivate" members to restrain output to the committed levels under a collective ceiling officially set at 16.8m barrels a day but—taking into account Iran's non compliance with the pact as well as other implicitly accepted quota breaches—amounting to rather more than 18m b/d.

Return to that level would probably be sufficient to maintain prices close to Opec's target of $18 a barrel.

Actual Opec output in August, stimulated by apprehensions that the flow of oil from the Gulf might be cut off by hostilities and the closure of the strait of Hormuz—may have been as much as 19.8m b/d according to some forecasts, including that of the International Energy Agency.

The other committee, also including the ministers of Saudi Arabia and Algeria, has been asked "to monitor the price evolution in the market in relation to the Opec official prices" established with the return to a fixed system at the beginning of February.

Among leading Opec technocrats the feeling is that the committees can achieve little or nothing while tensions in the Gulf remain high.

The ministerial committees are meeting here in response to complaints by Saudi Arabia, Iran and Venezuela about over production by some members.

Ironically Iran is reckoned to have pumped at a rate of 2.8m b/d last month compared with a quota of 2.69m b/d while Saudia Arabia is generally believed to have been producing at a rate of at least 100,000 above its agreed entitlement of 4.343m b/d (excluding its share of offtake from the Neutral Zone shared equally with Kuwait which both refuse to recognise as part of their quota).

The United Arab Emirates and Kuwait are reported to be the other main quota violators.

Australian farm outlook brighter

BY CHRIS SHERWELL IN SYDNEY

THE STRONG wool market and a generally improved economic climate in the farm sector have prompted a significant increase in official forecasts for Australian rural production.

In its quarterly review of the rural economy, published yesterday, the Government's Bureau of Agricultural Economics said it had lifted its estimate of the gross value of rural production for 1987-88 to A$18.15bn (£7.9m).

This represents a 6.8 per cent increase on the 1986-87 figure and compares with a 1 per cent rise predicted only three months ago. In 1986-87 a growth rate of 9.5 per cent was recorded.

The projected increase in net production, after taking farm costs into account, is even higher at 35 per cent, and compares with a contraction being forecast in June.

Much of the improved outlook is accounted for by increased wool earnings, which are projected to rise by 33 per cent to A$4.3bn. The Bureau says wool is now forecast to make its biggest contribution to the rural economy since 1972-1973.

Beef and veal, which are forecast to rise 10 per cent, will reinforce the trend on the livestock front, and this will more than offset a decline in the crop sector, where the gross value of wheat output is projected to fall by 27 per cent.

"So significant are the contrasting prospects in the wheat and wool industries that in the four years since 1983-84 the gross value of wheat production is estimated to have halved while the wool clip is estimated to have more than doubled in value," the Bureau says.

Although other cereals, grapes and sugar will show increases to offset the fall in wheat, output of crops like potatoes, bananas, apples and pears are all expected to decline.

On the outlook for grain, the Bureau says that world prices are likely to begin a modest recovery, with indications that a stronger global demand may help reduce the huge stocks which have accumulated in recent years.

Also contributing to the overall improvement in the outlook are encouraging seasonal conditions, indications of stronger export demand for a range of commodities and the easing of cost pressures.

Thus, rural exports are forecast to increase by 9 per cent to a record A$13.3bn, after increasing by 4.5 per cent in 1986-87. Much of the improvement is due to wool exports.

Aggregate farm costs are forecast to increase by only 1.7 per cent, reflecting a moderation of inflationary pressures and the declining use of some inputs.

Interest rates are forecast to average 3.5 percentage points lower than the high 18.7 per cent average seen in 1986-87, and this too will help slow the increase in costs.

The overall effect of these projections is an even more substantial revision in estimates of the increase in net value of rural production compared to those made three months ago.

Coffee producers agree quota stance

BY LUCY CONGER IN MEXICO CITY

THE WORLD'S leading coffee producers, Brazil and Colombia, and 11 other Latin American exporters have agreed to seek the reinstatement of international export quotas at International Coffee Organisation meetings later this month.

The "other milds" group of Latin producers, along with non-members Brazil and Colombia, "recognise . . . the convenience of re-establishing quotas to produce the recovery and subsequent stabilisation of the world's coffee price," said the joint communique issued at the close of a two-day meeting here this week.

The Latin American producers will convene with African coffee growers in London on September 18 and 19 to seek their support for re-establishing quotas and to agree a unified producer position prior to the opening of the ICO meetings September 21.

Mr Jorio Dauster, president of the Brazilian Coffee Institute, said the meeting had been a success, but warned that Brazil would advocate free market sales if the ICO set up its quota below its productive capacity to supply 30 per cent of the world market, Mexico City's El Financiero newspaper reported.

Brazil had previously played down its desire for re-establishing quotas, which were suspended in February 1986, after a drought in Brazil had sent prices soaring.

Colombia will also seek to retain its 16.5 per cent share of the world's exports, according to El Financiero.

Chicago battles for gold turnover

BY DEBORAH HARGREAVES IN CHICAGO

THE FEW bored faces in the gold futures pit at the Chicago Mercantile Exchange bear witness to the fact that what glitters in Chicago at the moment is definitely not gold.

After surprising most industry observers with an enthusiastic resurrection in June, the CME's gold futures contract, which had been delisted in 1985, has recently seen dwindling volumes.

While the CME's contract founders, however, the Chicago Board of Trade is poised to launch its new gold and silver futures contracts to coincide with the start of Sunday evening trading next week. The CBOT admits it will be faced with an uphill battle to win success for the new contracts.

Investors are certainly showing more interest in gold, says Mr Jeff Christian of Christian Podieska van Musschenbroek, the New York gold brokerage company. But competition for their business ranges from shares in gold mining companies to gold-backed government securities, he points out.

It is difficult to quantify the spillover into gold futures and options, he says.

Both Chicago exchanges must be casting envious glances at the gold futures contract trading on Comex in New York, which so far appears unharmed by the competition from the windy city. Volume on Comex gold futures continues to average some 40,000 contracts a day compared with the CME's 2,000 a day.

The quality of order-filling on Comex is reported to have suffered, however, following its clearing problems in April, which led to some loss of confidence in the exchange.

It was, in fact, settlement problems on Comex that prompted the Chicago exchanges' move into gold in the first place.

Both the CME and CBOT stressed their members' concern over clearing problems resulting from a surge of business at Comex earlier this year. These forced the exchange to close early three days in a row.

However, Mr Leo Melamed, the CME's special counsel, points out that he resisted listing gold futures again, "because I think it is near impossible to wrest interest from an established arena." But the pleas were strong and the guarantees of support were there, so the exchange trotted it out, he says.

It has since introduced an incentive programme, paying traders $1 for each contract traded, and extended gold's trading hours, in a bid to attract interest.

But, as Mr Christian points out, while traders will try out the new contracts, particularly when there is a lot of business around, when they want to do large trades, they will go to the most liquid market place, which is still Comex.

Furthermore, the last month has been an inauspicious time for gold. The price, in defiance of fundamentals, has drifted downwards.

Traders at the CME are happy, however, to have access to gold on their own floor. "I hated doing it through New York," one trader commented. "But gold is not where the interest is at the moment," he added.

Furthermore, the CME's contract has not been helped by the fact that it was rushed out to cash in on dissatisfaction with Comex. A move to make it more attractive by adding New York and Delaware as delivery points is currently awaiting regulatory approval and, until that is given, only a December contract is being listed.

The introduction of a gold options contract, which is also awaiting approval, should give CME futures a further boost and the exchange is hoping volume will reach a modest 5,000 contracts a day by the end of the year.

Given the CME's experience, officials at the rival CBOT are wary of predicting a string start for their own gold contract. But the trading of gold in the CBOT's 6pm to 9 pm evening session will test the strength of the night market for gold.

Success of gold evening trading would increase pressure on Comex to rush through its own plans for a night session.

The CME's Mr Melamed is heralding the launch of gold on the exchange's new electronic system as true 24-hour trading. But the CME's Post-Market Trade system, which was unveiled last week, is still 18 months away — enough time for a shake out between the three contracts.

LONDON MARKETS

STERLING'S weakness against the dollar helped to boost copper values on the London Metal Exchange yesterday, but there was also underlying strength based on the firmness of the New York market. A fourth successive rise took the cash position's advance since last Thursday to £53.50, while the three-month quotation gained £15.75 to £1,070.50 a tonne. Although sterling prices remained below the two-year peaks achieved a month ago in dollar terms, they touched 4½-year highs before being trimmed back by late profit-taking. The aluminium rally ran out of steam, however, as charts ran into a resistance area. Dealers said this triggered dollar-based selling which comfortably outweighed the upward pressure from the currency factor. The apparent lack of progress at the International Cocoa Organisation talks in London pushed prices for the commodity down to 4½-year lows on the London futures market. Observers said cocoa producers and consumers seemed set to clash head-on over revising the buffer stock price range. Consumers are demanding a substantial reduction in floor and ceiling prices, while producers are seeking a much smaller cut, or, in some cases, no cut at all.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or −	High/Low
Cash	1670-80	−50	1670
3 months	1640-50	−16	1625/1615

Official closing (am): Cash 1,660-70 (1,714-20), three months 1,640-50 (1,654-6), settlement 1,670 (1,720). Final Kerb close: 1,615-25. Ring turnover: 700 tonnes.

99.5% purity	£ per tonne		
Cash	995-7	−7	999/998
3 months	975-6	−1	978.5/966

Official closing (am): Cash 997-8 (997-8), three months 975-6 (972-2.5), settlement 998 (998). Final Kerb close: 966.5-7. Ring turnover: 38,600 tonnes.

COPPER

Official closing (am): Cash 1,081-2 (1,062.5-3), three months 1,067-8 (1,047-7.5), settlement 1,082 (1,063). Final Kerb close: 1,065.5-66.

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1084-6	+18.5	1083/1082
3 months	1070-1	+15.75	1076/1058.5
Standard Cash	1078-84	+18	—
3 months	1068-8	+14.5	

Official closing (am): Cash 1,076-80 (1,057-62), three months 1,062-6 (1,043-5), settlement 1,080 (1,062). US Producer prices 80-85 cents a pound. Total ring turnover: 72,625 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	411-3	−1	415/412
3 Months	394.5-5.5	+1.5	396/392.5

Official closing (am): Cash 415-6 (409-9.5), three months 393.5-4.5 (391.5-2), settlement 416 (409.5). Final Kerb close: 392.5-93. Ring turnover: 10,775 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3200-10	+11.5	—
3 months	3205-10	+24	3210/3180

Official closing (am): Cash 3,185-95 (3,220-2), three months 3,180-5 (3,210-5), settlement 3,195 (3,222). Final Kerb close: 3,180-90. Ring turnover: 1,830 tonnes.

ZINC

[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

TIN

KUALA LUMPUR TIN MARKET—Close: 16.85 (16.82) ringgit per kg. Up 0.03.

GOLD

[illegible]

INDICES

REUTERS

Sept 9	Sept. 8	M'th ago	Year ago
1648.1	1642.4	1644.2	1491.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 8	Sep. 4	M'th ago	Year ago
Spot	127.94	126.68	—	122.26
Fut	130.78	131.32	—	125.24

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Sept. 9 1987	+ or −	Month ago
METALS			
Aluminium... Free Market	$1680/680	−40	$1810/830
Copper... Cash Grade A	£1085	+15.5	£1125.5
3 months	£1070.5	+15.75	£1125.5
Gold Troy oz	$457.5	−0.5	$462.75
Lead Cash	£412	−1	£425
3 months	£395	+1.5	£395.5
Nickel... Free Mkt	240/280c	−2	242/262c
Palladium oz	$137.00	......	$142.25
Platinum oz	$586.50	−7.25	$623.00
Quicksilver†	$300/310	......	$270/275
Silver troy oz	452.95p	−7.95	494.20p
3 months	464.40p	−8.55	494.20p
Tin... free Mkt	£4125/145	......	£4148/170
Tungsten	$56.47	......	$53.69
Wolfram 22.0lb	$43/55	......	$43/55
Zinc	£453.5	+4.5	£509.5
3 months	£457.5	+4.5	£509.75
producers	$860	......	$860
OILS			
Coconut (Phil)	$490u	+5	$450
Palm Malayan	$327.5z	+2.5	$300
Seeds			
Copra (Phil)	$320	......	$300
Soyabean (U.S.)	$149.5	+1	$150.5
GRAINS			
Barley Fut. Nov.	£100.85	+0.65	£99.60
Maize	£158.00	......	£154.0q
Wheat Fut. Nov.	£105.60	+0.55	£101.60
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1200.5	−14	£1391.5
Coffee Ft. Nov	£1334.5	+14	£1306
Cotton A Ind.*	83.60c	−1.35	84.50c
Gas Oil Oct.	$154.5	+1.75	$166.25
Rubber (kilo)	70p	+0.25	70p
Sugar (raw)	$155u	+8.4	$155.5
Wooltops 64s	467p kilo	......	495pkilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. u Sept-Oct. y Nov. z Dec.

SILVER

Silver was fixed 8.75p an ounce lower for spot delivery in the London bullion market yesterday at 452.95p. US cent equivalents of the fixing levels were: Spot 751.65c, down 12.5c; three-month 766.2c, down 12.25c; three-month 781.3c, down 12c; and 12-month 814.85c, down 11.5c. The metal opened at 751-753c and closed 749-751c.

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoff'l	+ or −
Spot	452.95p	−7.85	750c	−2.5
3 months	464.40p	−8.05	764c	−1.5
6 months	475.90p	−8.15	—	—
12 months	499.55p	−8.30	—	—

Cash high/low 450.8p; three months final kerb 764-7c.

LME—Turnover: 1 (nil) lots of 10,000 ounces.

COFFEE

Robustas opened higher than expected, holding at Tuesday's lows, reports Drexel Burnham Lambert. After a quiet morning a strong New York market provided support as arbitrage buying provided further gains. The market gained £19 from the lows before encountering light trade selling. Levels closed just off the highs on light jobber profit-taking.

COFFEE	Yesterday close	+ or −	Business done
Sept	1300-1305	+8.5	1308-1289
Nov	1334-1335	+14.0	1339-1320
Jan	1359-1360	+9.0	1366-1346
Mar	1371-1372	+7.5	1376-1362
May	1385-1390	+4.0	1396-1386
July	1405-1412	+3.5	1405
Sept	1425-1435	+6.5	1452-1425

Sales: 3,032 (3,596) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 8: Comp. daily 1979 106.19 (106.84); 15-day average 102.41 (101.90).

COCOA

Futures continued to decline. The ICCO talks in London have produced no positive results, and this has added to the bearish sentiment in the market. Origins remained withdrawn but manufacturer interest was evident, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
Sept	1166-1167	−14.5	1168-1156
Dec	1200-1201	−14.0	1222-1198
March	1232-1233	−13.0	1252-1228
May	1253-1255	−15.5	1271-12
July	1274-1276	−13.5	1282-1269
Sept	1294-1296	−13.5	1312-1291
Dec	[illegible]	[illegible]	1334-1316

Sales: 6,666 (5,684) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 9: 1,438.46 (1,524.00); 10-day average for September 10: 1,554.41 (1,576.65).

FREIGHT FUTURES

During another quiet day traders were both worried and uncertain of the market's direction and as a result trade was limited to a narrow range, reports Clarkson Wolff.

[illegible]

Turnover: 132 (85).

GRAINS

Wheat broke contract highs on November, January and July, absorbing modest profit-taking. Barley again firmed on storekeeper profit-taking although closing with sellers over, reports T. G. Roddick.

[illegible]

East Coast: Sept 103.00 seller. Barley: English feed: Oct/Dec 104.50, Jan/March 108.50 buyer.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 95.60, E. Midlands 96.80, N. East 95.70, Scotland 94.60. The UK monetary coefficient for the week beginning Monday September 14, will remain unchanged.

POTATOES

The market was nervous throughout the morning with speculation rife as to likely outcome of talks taking place between the MAFF and the NFU. April opened 50p down at £133.00 and traded heavily here before moving up £2.00 and closing at lunch near the morning highs. The afternoon saw no confirmation of any action regarding import controls. Consequently values fell away to close at the day's lows, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov.	85.80	86.00	87.00-86.00
Feb.	92.50	95.00	—
March	86.00	86.50	86.00
Apr.	132.80	135.50	135.00-132.70
May	146.50	147.10	148.00

Sales: 818 (416) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) Sept.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.95-17.00*	+0.195
Brent Blend	17.80-17.95	+0.275
W.T.I. (1pm est)	18.10-18.15*	+0.25
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	172-175	—
Gas Oil	152-153	+1
Heavy fuel Oil	94-96	—
Naphtha	154-156	—

* October.

Petroleum Argus estimates

SOYABEAN MEAL

Keen commercial and professional buying reflecting consumer physical interest kept prices firm throughout. Spread activity between nearby October and forward positions was also a feature, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or −	Business done
October	130.3-131.5	+3.10	129.5-127.9
Dec	128.0-123.4	+1.95	128.5-126.5
Feb.	128.7-130.2	+2.20	128.5-127.5
April	130.0-130.7	+1.80	130.0
June	124.0-125.8	+0.80	125.5-124.4
August	125.5-125.9	+0.80	125.4
October	125.0-126.5	+1.25	—

Sales: 803 (3,075) lots of 20 tonnes.

US MARKETS

PRECIOUS METALS were easier across the board on good fund and commission house selling, reports Drexel Burnham Lambert. The trade was mixed, on balance a buyer, and locals were also noted sellers. Copper eased on profit-taking in what was viewed as a technical reaction to recent strength. Crude oil and energy futures firmed on a combination of fund, commission house and local buying in the face of trade selling. Coffee rose sharply on fund and speculative buying which touched off stops as the market penetrated downtrend lines. Trade scale-up selling tended to slow the advance and profit-taking pared gains. Continued speculative selling in cocoa saw prices break contract lows before trade buying furnished some support leading to short-covering towards the close. Sugar rallied on commission house buying before trade selling caused prices to back off to support levels where renewed buying firmed the market.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Sept	80.00	80.50	80.00	80.00
Oct	78.90	79.50	—	—
Nov	77.70	78.50	—	—
Dec	76.50	77.50	76.50	76.50
Jan	75.25	77.00	—	—
March	73.25	74.80	—	—
May	70.35	71.80	—	—
July	68.55	70.00	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	1840	1905	1890	1861
Dec	1866	1900	1888	1854
March	1889	1921	1909	1876
May	1918	1947	1933	1905
July	1943	1988	1953	1936
Sept	1964	1992	1968	1955
Dec	1988	2020	2000	1990

COFFEE "C" 37,500lbs; cents/lbs

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons $/barrels

[illegible]

GOLD 100 troy oz; $/troy oz

	Close	Prev	High	Low
June	483.3	484.6	484.0	482.0
Oct	496.9	496.4	496.5	496.5
Dec	503.9	506.5	504.3	504.3
Feb	511.1	512.8	514.0	514.0
June	525.7	527.5	—	—

and Harman silver bullion 750.5 (748.5) cents per troy ounce. New York tin 319-319 (same) cents per pound.

SPOT PRICES: Chicago loose lard 15.50 (15.00) cents per pound. Handy

HEATING OIL 42,000 US gallons; cents/US gallons

	Latest	Prev	High	Low
Oct	52.30	50.85	52.30	51.20
Nov	52.85	51.48	52.90	51.85
Dec	53.50	52.09	53.60	52.49
Jan	54.10	52.69	54.10	53.00
Feb	54.30	53.04	54.30	53.35
March	53.00	51.89	53.00	52.25
April	51.85	50.74	51.85	51.00
May	49.85	49.64	49.85	49.85
June	49.75	49.24	49.75	49.75

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Prev	High	Low
Sept	136.80	137.15	137.20	135.90
Nov	131.50	131.65	131.50	130.15
Jan	130.15	130.35	130.45	128.50
March	130.50	130.85	130.70	129.95
May	130.95	131.15	130.75	130.70
July	131.25	131.30	131.00	131.00
Sept	131.25	131.50	131.00	131.00

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Oct	593.0	596.6	596.5	583.0
Jan	600.8	604.3	604.5	591.0
April	609.0	612.3	612.5	601.0
July	617.2	620.5	617.0	610.0
Oct	625.7	628.5	—	—

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Sept	752.0	748.0	754.0	745.0
Oct	755.6	761.8	—	—
Dec	765.5	761.5	768.5	758.5
Jan	770.4	766.4	—	—
March	782.4	778.2	784.0	773.0
May	793.9	789.6	794.0	787.1
July	805.9	801.5	805.5	800.0
Sept	818.3	813.8	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Oct	6.10	5.85	6.14	5.94
Jan	6.30	6.08	6.42	[illegible]
March	6.81	6.61	6.82	6.68
May	7.00	6.84	7.00	6.82
July	7.16	7.03	7.17	7.05
Oct	7.38	7.25	7.38	7.29
Jan	7.52	7.40	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	68.30	68.20	68.80	67.92
Dec	68.72	68.80	69.45	68.50
Feb	68.52	68.75	69.00	68.32
April	69.37	69.47	69.60	69.05
June	68.92	69.00	69.10	68.70
August	67.32	67.58	67.80	67.32
Oct	66.25	65.45	66.90	66.25

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
Oct	50.45	50.27	50.85	50.12
Dec	48.92	48.85	49.25	48.62
Feb	46.62	46.50	46.80	46.35
April	43.32	43.32	43.85	43.30
June	45.00	45.15	45.27	44.55

MAIZE 5,000 bu min; cents/56lb-bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min; cents/60lb-bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb; cents/lb

	Close	Prev	High	Low
Aug	17.30	17.06	17.30	17.10
Sept	17.27	17.12	17.30	17.26
Oct	17.25	—	17.25	17.25

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Sept	283.0	281.2	283.6	280.4
Dec	294.4	294.0	297.2	293.2
March	301.4	298.4	301.4	296.0
May	294.0	290.4	296.0	290.0
July	282.0	277.4	282.6	277.0
Sept	286.0	277.8	286.0	281.0

SUGAR

LONDON DAILY PRICE—Raw sugar $155.00 (£93.60), up $8.40 (up £5.20) a tonne for September-October delivery. White sugar $184.00, up $2.00.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.	153.8-138.2	155.6-158.8	158.8-154.0
Dec	143.4-144.0	139.8-141.8	142.4-140.8
Mar	155.2-155.4	148.2-149.6	153.4-151.0
May	157.2-157.8	155.2-155.8	158.8-154.2
Aug	161.2-161.4	157.0-158.8	161.8-158.8
Oct	165.2-165.4	160.6-161.8	166.0-162.4
Dec	168.8-170.4	164.6-165.8	—
No. 5 Whites			
Oct.	181.8-183.0	181.8-182.8	183.8-181.2
Dec	185.8-184.8	181.2-182.5	183.8-182.0
Mar	187.0-188.8	186.8-188.8	188.8-185.8
May	190.5-191.8	188.0-188.8	192.5-189.5
Aug	194.0-196.0	192.4-195.0	195.[illegible]
Oct	197.5-199.4	196.5-197.8	199.8-198.8
Dec	182.5	201.5	—

Sales: No 6 6,562 (2,388) lots of 50 tonnes: No 5 2,386 (2,301).

Tate and Lyle delivery price for granulated basis sugar was £198.00 (£192.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for September 8: Daily price 5.53 (5.48); 15-day average 5.49 (5.51).

PARIS—(FFr per tonne): Oct 1086-1088, Dec 1096-1098, March 1124-1126, May 1145-1152, Aug 1169-1180, Oct 1193-1203.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or −	Business done
Sept.	154.00	+2.50	154.75-52.00
Oct	154.50	+1.75	154.75-53.50
Nov	156.00	+1.75	156.00-56.00
Dec	158.00	+1.75	158.00-56.75
Jan	159.25	+3.75	159.25-58.00
Feb	169.50	+3.50	—

Turnover: 4,677 (5,447) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.23p per kg lw (−0.93). GB—Sheep 162.61p per kg est dcw (−2.31). GB—Pigs 75.00p per kg lw (+1.68). GB—AAPP 96.44p per kg dw (+0.14).

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.00p (69.75p); Oct 68.75p (68.50p); Nov 69.00p (68.75p). The Kuala Lumpur fob prices (Malay/Singapore cents) per kg was RSS No 1 285.0 (same); SMR 20 240.5 (238.5).

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Nervous ahead of trade figures

THE DOLLAR closed around the highest levels of the day in nervous trading, ahead of tomorrow's US trade figures.

A July deficit of $16bn has been widely forecast, compared with $15.71bn in June, and dealers were unsure about the impact of another large deficit, or whether the US Federal Reserve would again raise its discount rate if the dollar comes under renewed pressure.

Fear of central bank intervention kept a floor under the US currency, and the dollar was supported by rumours that more Japanese companies are suffering large losses on Government bond trading.

The dollar rose to DM 1.7965 from DM 1.7925; to FFr 6.0125 from FFr 5.9950; and to SFr 1.4870 from SFr 1.4840; but eased to Y141.55 from Y141.70. On Bank of England figures the dollar's index *rose to* 100.4 from 100.1

The Danish krone came under pressure following the inconclusive result of Denmark's general election. Mr Poul Schlueter, the Conservative Prime Minister resigned, after failing to achieve a working majority, but it was also doubted whether the opposition Social Democrats could form a coalition government.

This led *to speculaion* about another election soon, although it was also suggested Mr Schlueter was making behind the scenes efforts to form an administration.

Nervousness about the political situation further weakened the krone, which was already at the bottom of the European Monetary System. Yesterday's news pushed the currency near to its alarm bell divergence limit, where the Danish Central Bank is expected to take action.

The D-Mark opened in Copenhagen at DKr 3.8710, and was fixed at DKr 3.8825 compared with DKr 3.8685 in late trading on hopes the political stalemate Denmark will soon be resolved.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. August average 1.5985. Exchange rate index fell 0.3 to 72.9, compared with 72.4 six months ago.

Sterling remained on the sidelines yesterday, but weakened as the dollar staged a minor recovery in late London trading. There were no new factors, apart from confirmation from Opec that some members are in violation of output quotas.

The pound fell 85 points to $1.6505-1.6515. It also retreated to DM 2.9650 from DM 2.9750; to FFr 9.9275 from FFr 9.9475; to SFr 2.4550 from SFr 2.4625; and to Y233.75 from Y235.25.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. August average 1.8573. Exchange rate index 147.2 against 146.8 six months ago.

The D-Mark was little changed against the dollar in Frankfurt. Trading was very subdued, with attention focused on tomorrow's US trade figures.

The dollar closed at DM 1.7940, compared with DM 1.7930 previously. The Bundesbank bought $16.6m when the dollar was fixed at DM 1.7928 in Frankfurt, compared with DM 1.7930 on Tuesday.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 223.9 against 209.6 six months ago.

Trading was thin in Tokyo, and the Bank of Japan had no difficulty in keeping the dollar in a narrow range against the yen with small scale intervention.

The central bank entered the market *in the morning, to buy dollars* at around Y141.50, and again in the afternoon at Y141.40. The dollar closed at Y141.45 in Tokyo, compared with Y141.70 on Tuesday.

Mr Kiichi Miyazawa, Japanese Finance Minister, said Japan's current account surplus is declining, but remains at a high level, while Mr Satoshi Sumita, Governor of the Bank of Japan, commented that the rise in the US discount rate will not immediately change Japanese monetary policy.

£ IN NEW YORK

Sept. 9	Latest	Previous Close
£ Spot	1.6590-1.6600	1.6600-1.6610
1 month	0.36-0.34pm	0.35-0.35pm
3 months	1.04-1.01pm	1.05-1.02pm
12 months	2.84-2.74pm	2.96-2.88pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Sept. 9	Previous
8.30 am	73.1	73.3
9.00 am	73.1	73.3
10.00 am	73.2	73.2
11.00 am	73.2	73.2
Noon	73.1	73.1
1.00 pm	73.2	73.1
2.00 pm	73.1	73.1
3.00 pm	73.1	73.2
4.00 pm	72.9	73.2

CURRENCY RATES

Sept. 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.784085	0.696743
U.S. Dollar	5.5	1.30095	1.15597
Canadian $	8.75	*	1.52588
Austrian Sch.	4	16.4128	14.5848
Belgian Franc	7¾	48.4734	43.0713
Danish Krone	7	N/A	8.02472
Deutsche Mark	3.0	2.33294	2.07207
Neth. Guilder	4½	2.62532	2.33239
French Franc	9½	7.80505	6.93522
Italian Lira	12	N/A	1501.89
Japanese Yen	2½	183.994	163.026
Norway Krone	8	8.57716	7.61493
Spanish Peseta	—	156.506	139.005
Swedish Krona	7½	8.22721	7.31149
Swiss Franc	3.5	1.92931	1.71430
Greek Drach.	20½	N/A	158.391
Irish Punt	—	N/A	0.778639

*CS/SDR rate for Sept. 8: 1.70585

CURRENCY MOVEMENTS

Sept. 9	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.9	−20.6
U.S. Dollar	100.4	−6.6
Canadian Dollar	78.0	−10.1
Austrian Schilling	137.9	+10.2
Belgian Franc	100.1	−4.6
Danish Krone	90.7	+0.7
Deutsche Mark	147.2	+21.8
Swiss Franc	173.4	+23.1
Guilder	135.4	+14.6
French Franc	71.4	−13.1
Lira	47.2	−18.3
Yen	223.9	+67.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

September 9	£	$
Argentina	3.9330-3.9505	2.3750-2.3840
Australia	2.2675-2.2705	1.3685-1.3695
Brazil	80.7960-81.2195	48.7900-49.0340
Finland	7.2090-7.2215	4.3550-4.3580
Greece	225.40-229.05	135.90-138.10
Hong Kong	12.9125-12.9270	7.7975-7.7990
Iran	117.80*	70.55*
Korea(Sth)	1332.85-1344.90	803.00-809.60
Kuwait	0.46330-0.46380	0.27970-0.27980
Luxembourg	61.60-61.70	37.30-37.40
Malaysia	4.1505-4.1525	2.5065-2.5085
Mexico	2505.50-2508.70	1513.00-1514.00
N. Zealand	2.6530-2.6580	1.6015-1.6035
Saudi Ar.	6.2120-6.2175	3.7500-3.7510
Singapore	3.4535-3.4590	2.0855-2.0875
S. Af. (Cm)	3.3460-3.3615	2.0250-2.0290
S. Af. (Fn)	5.4290-5.6140	3.2785-3.3900
Taiwan	49.80-49.05	30.05-30.15
U.A.E.	6.0835-6.0890	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0713	+1.44	+0.70	±1.5344
Danish Krone	7.85212	8.02472	+2.20	+1.46	±1.6404
German D-Mark	2.05853	2.07207	+0.66	−0.08	±1.0981
French Franc	6.90403	6.93522	+0.45	−0.29	±1.3674
Dutch Guilder	2.31943	2.33239	+0.56	−0.18	±1.5012
Irish Punt	0.768411	0.778639	+1.33	+0.59	±1.6684
Italian Lira	1,483.58	1,501.89	+1.23	+1.14	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Sept. 9	Day's spread	Close	One month	p.a.	Three months	% p.a.
US	1.6495-1.6505	1.6505-1.6515	0.34-0.31c pm	2.36	1.01-0.96 pm	2.39
Canada	2.1780-2.1905	2.1780-2.1790	0.16-0.06c pm	0.61	0.39-0.25 pm	0.60
Netherlands	3.33¾-3.35	3.33¾-3.33¾	1¼-1⅛c pm	4.72	3⅞-3¾ pm	4.57
Belgium	61.60-61.87	61.60-61.70	21-14c pm	3.41	60-49 pm	3.54
Denmark	11.47-11.55	11.47-11.48	1 pm-¼ ore dis	0.39	1¼-⅝ dis	0.11
Ireland	1.1123-1.1230	1.1150-1.1160	0.08-0.01p pm	0.48	0.20-0.05 pm	0.45
W. Germany	2.96-2.97¼	2.96-2.97	1½-1⅜ pf pm	5.82	4⅜-4¼ pm	5.73
Portugal	232.95-234.82	232.95-233.85	76-131c dis	−5.32	256-347 dis	−5.16
Spain	199.15-199.97	199.15-199.45	122-156c dis	−8.37	254-306 dis	−5.62
Italy	2147¼-2156¾	2148¾-2149¾	5-8 lire dis	−3.63	15-20 dis	−3.26
Norway	10.89¾-10.93¾	10.89¾-10.90¾	3⅞-4⅞ ore dis	−4.27	9⅝-10⅝ dis	−3.72
France	9.91⅞-9.95¾	9.92¾-9.93¾	2-1½c pm	2.12	5¼-4⅞ pm	1.86
Sweden	10.46½-10.51¾	10.46½-10.47¾	1-¼ ore pm	0.72	2½-1⅞ pm	0.79
Japan	233¼-234⅞	233¾-234¾	1⅜-1¼y pm	6.42	3⅞-3¾ pm	5.99
Austria	20.83-20.94	20.83-20.86	10⅞-9⅞ gro pm	5.90	30½-28⅞ pm	5.62
Switzerland	2.45-2.46¼	2.45-2.46	1½-1¼c pm	6.72	4-3¾ pm	6.31

Belgian rate is for convertible francs. Financial franc 61.95-62.05. Six-month forward dollar 1.77-1.72c pm. 12-month 2.86-2.76 pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6495-1.6610	1.6505-1.6515	0.34-0.31c pm	2.36	1.01-0.96 pm	2.39
Ireland†	1.4815-1.4860	1.4835-1.4845	0.26-0.21c pm	1.90	0.77-0.67c pm	1.94
Canada	1.3150-1.3210	1.3200-1.3210	0.18-0.21c dis	−1.77	0.58-0.61 dis	−1.80
Netherlands	2.0125-2.0235	2.0215-2.0225	0.42-0.39c pm	2.41	1.15-1.10 pm	2.23
Belgium	37.20-37.40	37.30-37.40	5-2 pm	1.13	13.00-8.00 pm	1.13
Denmark	6.92¼-6.96¼	6.94¾-6.95¼	0.90-1.40ore dis	−1.99	3.90-4.25 dis	−2.25
W. Germany	1.7885-1.7975	1.7960-1.7970	0.56-0.53pf pm	3.65	1.58-1.55 pm	3.47
Portugal	141¼-141¾	141½-141¾	70-100c dis	−7.21	235-285 dis	−7.35
Spain	120.18-120.62	120.50-120.60	95-115c dis	−10.47	220-260 dis	−7.97
Italy	1298-1302½	1301¼-1301¾	6.00-7.00lire dis	−6.00	17.50-19.00 dis	−5.62
Norway	6.58¾-6.60¾	6.59¾-6.60¼	3.50-3.80ore dis	−6.65	9.90-10.20 dis	−6.11
France	5.99¾-6.07¾	6.01-6.01½	0.10-0.20c dis	−0.30	0.60-0.90 dis	−0.50
Sweden	6.33¼-6.34½	6.34-6.34½	0.80-1.00ore dis	−1.71	2.40-2.60 dis	−1.58
Japan	140.95-141.60	141.50-141.60	0.47-0.44y pm	3.87	1.30-1.25 pm	3.62
Austria	12.60¾-12.62¾	12.62¾-12.62¾	3.90-3.50gro pm	3.52	10.75-9.75 pm	3.25
Switzerland	1.4815-1.4875	1.4865-1.4875	0.54-0.49c pm	4.17	1.48-1.43 pm	3.93

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.30-37.40

EURO-CURRENCY INTEREST RATES

Sept. 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9¼-9	9⅜-9¼	9⅞-9¾	10¼-10⅛	10½-10⅜	10¾-10⅝
U.S. Dollar	7⅞-7¾	7⅜-7¼	7⅜-7¼	7⅞-7¾	8⅜-8¼	8⅞-8¾
Can. Dollar	9-8¾	9-8¾	9⅜-8⅞	9⅜-9⅛	10⅛-9⅞	10½-10¼
D. Guilder	5⅞-5¾	5⅛-5⅜	5⅜-5¼	5⅜-5¼	5⅞-5⅝	5⅞-5¾
Sw. Franc	1¼-1	1½-1¼	3⅝-3½	3¾-3⅝	4⅛-4⅛	4¼-4⅛
Deutschmark	3⅞-3⅝	4-3¾	4⅛-4	4⅛-4	4¼-4⅛	4⅞-4⅝
Fr. Franc	7½-7¼	7½-7¼	7¾-7⅝	8⅛-8⅛	8⅞-8⅝	9⅛-9⅛
Italian Lire	12-10	13½-13½	13¾-13½	13⅝-13⅜	13⅝-13⅜	13⅝-13⅜
B. Fr. (Fin.)	6⅛-6⅛	6⅛-6⅛	6⅞-6⅝	6⅞-6⅝	7⅛-7⅛	7⅜-7⅛
B. Fr. (Con.)	6⅛-5⅞	6⅛-6	6⅛-6⅛	7-6⅞	7½-7¼	7⅜-7⅛
Yen	3⅛-3⅛	3½-3⅜	4⅛-4	4⅛-4⅛	4⅜-4⅛	4⅜-4⅛
D. Krone	9¾-9¼	10½-10	10½-10	10⅞-10⅝	11-10½	11½-11
Asian $Sing	7¼-7	7¼-7⅛	7⅜-7⅛	7⅜-7⅛	8⅛-8⅛	8⅝-8⅜

Long-term Eurodollars: Two years 9⅛-9⅜ per cent; three years 9⅛-9⅞ per cent; four years 9⅞-9⅝ per cent; five years 10⅛-9⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sept. 9	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.651	2.965	233.8	9.928	2.455	3.338	2149.	2.179	61.65
$	0.605	1.	1.797	141.6	6.013	1.487	2.022	1302.	1.320	37.35
DM	0.337	0.557	1.	78.84	3.348	0.828	1.126	724.5	0.732	20.79
YEN	4.278	7.063	12.68	1000.	42.47	10.50	14.28	9193.	9.320	263.7
F Fr.	1.007	1.663	2.987	235.5	10.	2.473	3.362	2164.	2.194	62.10
S Fr.	0.407	0.673	1.208	95.21	4.044	1.	1.359	875.3	0.887	25.11
H Fl.	0.300	0.495	0.888	70.04	2.975	0.736	1.	643.8	0.653	18.47
Lira	0.465	0.768	1.380	108.8	4.620	1.143	1.553	1000.	1.014	28.69
C $	0.459	0.758	1.361	107.3	4.557	1.127	1.532	986.3	1.	28.30
B Fr.	1.622	2.678	4.809	379.2	16.10	3.982	5.414	3485.	3.534	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts and bonds lower

GILT PRICES fell in the London International Financial Futures Exchange yesterday, depressed by a weaker trend in US bonds and a fall in sterling.

Traders reported a good deal of uncertainty ahead of tomorrow's US trade figures and a host of UK economic data due for release next week. These include bank lending and PSBR figures as well as industrial prodction, retail sales and unemployment.

There appeared to be little expectation of the market coming through this period on a bullish note. However gilt prices moved up initially from opening levels in the belief that recent falls may have been overdone. However speculators made little headway and with sterling slipping away during the afternoon so values were marked down, finishing just above the day's lows.

Three-month sterling deposits were also depressed. Most traders saw the next move in UK interest rates as being upwards and with cash rates on the defensive after a weaker pound so prices in the futures market declined. The December contract opened at 89.54 and eased to 89.40 down from 89.58 on Tuesday.

US Treasury bonds received rough treatment as the prospect of another rise in US interest rates encouraged a switch out of bonds and equities. Traders were aware of speculation that the US Fed would have to tighten its monetary stance in order to contain inflation. At the same time tomorrow's US trade figures are expected to be less than encouraging.

The December price in London opened at 81-30 down sharply from the previous close of 83-04 and touched a low of 81-19 before closing at 82-04.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
108	6.14	7.01	0.34	1.15
110	4.40	5.36	0.60	1.50
112	3.12	4.17	1.32	2.31
114	2.04	3.09	2.24	3.23
116	1.17	2.18	3.37	4.32
118	0.47	1.39	5.05	5.53
120	0.26	1.07	6.46	7.21
122	0.13	0.50	8.33	9.00

Estimated volume total, Calls 1,715 Puts 1,195
Previous day's open int: Calls 19,244 Puts 1,275

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
76	6.45	6.07	0.37	0.55
78	5.06	4.43	0.62	1.27
80	3.40	3.29	1.32	2.13
82	2.23	2.29	2.15	3.13
84	1.29	1.43	3.21	4.27
86	0.49	1.07	4.41	5.55
88	0.25	0.45	6.17	7.29
90	0.13	0.27	8.05	9.11

Estimated volume total, Calls 411 Puts 322
Previous day's open int: Calls 429 Puts 429

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Sept.	Calls—Last Oct.	Puts—Last Sept.	Puts—Last Oct.
22750	3.15	8.20	4.25	4.85
23000	2.17	6.85	5.77	6.00
23250	1.43	5.66	7.53	7.31
23500	0.91	4.62	9.51	8.77
23750	0.55	3.73	11.65	10.38
24000	0.32	2.97	13.92	12.12
24250	0.18	2.34	16.28	13.99
24500	0.09	1.82	18.69	15.97

Estimated volume total, Calls 20 Puts 9
Previous day's open int: Calls 459 Puts 225

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last				Puts—Last			
1.45	[illegible]							
1.50	[illegible]							
1.55	[illegible]							
1.60	[illegible]							
1.65	[illegible]							
1.70	[illegible]							
1.75	[illegible]							

Estimated volume total, Calls 43, Puts 0
Previous day's open int: Calls 943 Puts 389

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last				Puts—Last			
1.575	[illegible]							
1.600	[illegible]							
1.625	[illegible]							
1.650	[illegible]							
1.675	[illegible]							
1.700	[illegible]							
1.725	[illegible]							

Previous day's open int: Calls 153,386 Puts 149,981
Previous day's volume: Calls 4,630 Puts 6,155

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last	Puts—Last
[illegible]	[illegible]	[illegible]

Previous day's open int: Calls 289 Puts 1,629

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last	Puts—Last
[illegible]	[illegible]	[illegible]

Estimated volume total, Calls 2,350 Puts 3,205
Previous day's open int: Calls 295 Puts 365

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 35,571 (20,727)
Previous day's open int. 30,562 (31,340)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 706 (973)
Previous day's open int. 470 (351)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	89.40	[illegible]	[illegible]	89.58
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 4,956 (6,362)
Previous day's open int. 23,493 (17,250)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 2,393 (1,733)
Previous day's open int. 6,691 (6,568)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 12,749 (7,871)
Previous day's open int. 34,705 (34,300)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	82-04	[illegible]	81-19	83-04
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 13,099 (6,767)
Previous day's open int. 4,969 (4,954)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6510	[illegible]	[illegible]	[illegible]	[illegible]

IMM—STERLING Se per £

	Latest	High	Low	Prev
Sep.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	1.6280	—	1.6280	1.6365

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept.	1.6515	1.6575	1.6564	1.6589
Dec.	1.6418	1.6491	1.6416	1.6487
Mar.	1.6345	—	—	1.6409

Estimated volume 21 (0)
Previous day's open int 908 (908)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates higher as pound falls

INTEREST RATES were slightly firmer at the longer end in London yesterday, reflecting concern about a weaker pound and firmer rates in the US. Equities and bonds in New York took another knock ahead of tomorrow's US trade figures and suggestions that interest rates were more likely to rise than fall.

In London, traders were anxious ahead of next week's economic data which includes bank lending figures and PSBR as well as retail sales and producer

UK clearing bank base lending rate 10 per cent since August 7

On the other hand short dated money rates remained low, reflecting an ample supply of short term credit. Overnight interbank money opened at 9¼ per cent and prices. Sentiment ahead of these was less than bullish and period rates were marked up as a consequence. Six-month interbank money was quoted at 10½-10⅜ per cent for today, up from 10⅞-10⅜ per cent while the three-month rate moved up to 10¼-10⅛ per cent from 10⅛-10⅛ per cent. touched a low of 2 per cent before finishing at 5 per cent bid.

The Bank of England forecast a surplus of around £100m with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £164m and a rise in the note circulation of £85m. In addition banks brought forward balance £85m below target. These were more than offset by Exchequer transactions which added £440m.

The forecast was revised to a flat position and there was no intervention by the Bank in the morning or in the afternoon.

In Frankfurt the Bundesbank accepted bids of DM 14.4bn at its latest sale and repurchase tender at a fixed rate of 3.60 per cent. Banks bid for a total of DM 53.4bn for the 35-day facility and successful applicants received their allocations yesterday afternoon.

The amount allocated was considerably less than two expiring agreements which drained DM 17.5bn from the market. However, call money was little changed at 3.7-3.8 per cent compared with 3.75-3.85 per cent on Tuesday because banks were quite adequately placed to meet their short term commitments.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept.9) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅞	offer 7⅞	bid 8	offer 8⅛

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¾
Broker loan rate	8¾-8
Fed. funds	6⅝
Fed funds at intervention	6¾

Treasury Bills and Bonds			
One month	5.76	Three year	8.76
Two month	6.21	Four year	8.88
Three month	6.57	Five year	9.09
Six month	6.98	Seven year	9.34
One year	7.71	10 year	9.53
Two year	8.45	30 year	9.71

September 9	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.70-3.80	3.85-4.00	3.85-4.00	3.85-4.00	4.20-4.35	5.0
Paris	7⅛-7¼	7⅛-7⅜	7⅜-7⅝	7⅞-8⅛	8⅛-8⅜	7½
Zurich	⅞-1⅛	3⅝-3⅞	—	3½-3¾	—	—
Amsterdam	5⅛-5⅜	5⅛-5⅜	—	5⅜-5⅞	—	—
Tokyo	3.28125	3.71875	—	3.78125	—	—
Milan	11¾-12¼	11⅞-12⅜	—	12-12½	—	—
Brussels	4.95	6⅞-6⅜	—	6⅝-6⅞	—	—
Dublin	9½-9¾	9½-9⅝	9⅞-9⅞	9⅞-10	10⅛-10⅜	—

LONDON MONEY RATES

Sept. 9	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	9¼-2	9⅜-9⅛	9¾-9⅝	10⅛-10⅛	10⅜-10⅛	10⅞-10½
Sterling CDs	—	—	9⅞-9⅝	10⅛-10	10⅞-10⅜	10½-10⅜
Local Auth'rity Deps.	9⅜	9⅜	9⅞	10⅛	10⅜	10⅝
Local Authority Bonds	—	—	10	10⅜	10½	11
Discount Mkt Deps.	9-7	9	9⅞	9⅞	—	—
Company Deposits	9½	9½	9⅞-9¾	10¼	10½	10⅞
Finance House Deposits	—	—	9⅞	10¼	10½	10¾
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅝	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10½	10⅜	—
Dollar CDs	—	—	7.50-7.45	7.65-7.60	8.10-8.05	8.75-8.70
SDR Linked Deposits	—	—	6⅛-6⅛	6⅞-6⅜	6⅞-6⅞	7⅞-6⅞
ECU Linked Deposits	—	—	7⅜-7⅞	7⅜-7⅜	7⅝-7⅜	7⅞-7⅞

Treasury Bills (sell); one-month 9⅝ per cent; three-months 9¾ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7614 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 10½ per cent; six-nine months 10⅜ per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from September 2. Deposits withdrawn for cash 5 per cent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 9 1987					TUESDAY SEPTEMBER 8 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	169.18	−0.7	151.92	154.04	2.43	170.35	152.19	155.39	170.35	99.92	77.94
Austria (16)	98.39	+0.0	88.36	91.73	2.25	98.35	87.86	91.65	101.62	85.53	92.85
Belgium (48)	127.11	−2.3	114.15	117.08	4.04	130.13	116.25	120.18	134.89	96.19	92.02
Canada (129)	133.59	−1.0	119.96	127.73	2.35	134.96	120.57	128.26	141.78	100.00	101.17
Denmark (39)	117.94	−5.5	105.91	111.48	2.56	124.83	111.52	117.45	124.83	98.18	93.09
France (121)	114.82	−0.8	103.11	108.29	2.61	115.72	103.39	108.83	121.82	98.39	96.85
West Germany (92)	101.46	+0.8	91.11	94.76	2.00	100.66	89.93	93.80	104.93	84.00	94.47
Hong Kong (45)	143.73	−0.3	129.07	143.90	2.49	144.12	128.75	144.32	147.36	96.89	78.99
Ireland (14)	143.50	−1.4	128.86	136.25	3.31	145.49	129.98	137.72	145.49	99.50	84.98
Italy (76)	86.97	−0.9	78.10	84.53	2.17	87.73	78.37	85.10	112.11	84.22	99.11
Japan (458)	145.61	−0.8	130.75	130.28	0.52	146.71	131.07	131.41	161.28	100.00	100.23
Malaysia (36)	179.20	+0.2	160.92	173.05	2.06	178.87	159.80	172.80	193.64	98.24	90.79
Mexico (14)	404.24	+3.5	363.00	668.93	0.45	390.63	348.99	645.13	404.24	99.72	57.19
Netherland (37)	125.26	+0.2	112.48	115.60	3.89	125.00	111.67	115.10	131.41	99.65	96.17
New Zealand (24)	131.48	−0.9	118.07	111.88	2.66	132.71	118.56	113.30	132.71	83.93	70.61
Norway (24)	174.98	−2.3	157.13	156.75	1.75	179.04	159.96	159.97	179.04	100.00	107.48
Singapore (27)	172.45	+0.5	154.86	165.82	1.48	171.55	153.26	165.03	174.28	99.29	90.33
South Africa (61)	184.86	−1.4	166.00	134.72	3.14	187.46	167.48	135.49	198.09	100.00	99.95
Spain (43)	158.76	−1.5	142.56	144.99	2.74	161.12	143.94	146.84	161.19	100.00	99.26
Sweden (33)	130.46	−0.7	117.15	122.50	1.90	131.45	117.43	123.03	131.45	90.85	96.06
Switzerland (53)	107.63	+0.1	96.65	99.22	1.68	107.53	96.07	98.93	110.00	92.01	93.46
United Kingdom (333)	152.38	−1.5	136.84	136.84	3.27	154.74	138.25	138.25	162.87	99.65	99.50
USA (588)	128.25	+0.1	115.17	128.25	2.86	128.07	114.42	128.07	137.42	100.00	102.72
Europe (929)	126.11	−0.9	113.24	115.92	2.85	127.26	113.69	116.57	128.35	99.78	97.40
Pacific Basin (683)	146.46	−0.7	131.52	131.54	0.67	147.54	131.81	132.65	158.77	100.00	98.63
Euro-Pacific (1612)	138.39	−0.8	124.27	125.31	1.46	139.50	124.62	126.24	143.65	100.00	98.15
North America (717)	128.53	+0.1	115.42	128.24	2.83	128.44	114.74	128.11	137.55	100.00	102.64
Europe Ex. UK (596)	109.79	−0.4	98.60	102.92	2.49	110.19	98.44	103.07	111.97	98.02	96.17
Pacific Ex. Japan (225)	157.04	−0.5	141.02	147.21	2.40	157.81	140.99	148.13	157.85	99.92	78.55
World Ex. US (1816)	138.89	−0.8	124.72	125.82	1.52	140.01	125.08	126.72	143.38	100.00	98.22
World Ex. UK (2071)	132.99	−0.3	119.43	125.92	1.87	133.45	119.22	126.34	138.82	100.00	100.02
World Ex. So. Af. (2343)	134.39	−0.5	120.68	126.83	2.00	135.00	120.61	127.34	139.47	100.00	99.96
World Ex. Japan (1946)	129.52	−0.3	116.31	125.24	2.82	129.91	116.06	125.43	134.03	100.00	99.82
The World Index (2404)	134.72	−0.5	120.97	126.93	2.01	135.34	120.91	127.44	139.73	100.00	99.96

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$460	28	18	5	30.50	—	—	$458.20
GOLD C	$480	151	9.20	13	21.50	5	30	"
GOLD C	$500	20	5.20	7	14.50	50	20.10	"
GOLD P	$420	—	—	—	—	19	6.50	"
GOLD P	$440	40	5.50A	—	—	—	—	"
GOLD P	$460	10	13.50	20	18	—	—	"
		Sept. 87		Oct. 87		Nov. 87		
$/FL C	Fl.200	25	2.70	—	—	—	—	Fl.202
$/FL C	Fl.205	—	—	27	1.90	—	—	"
$/FL C	Fl.210	3	0.10	10	0.50B	—	—	"
$/FL P	Fl.195	—	—	73	0.90	—	—	"
$/FL P	Fl.200	127	1	52	2.20	—	—	"
$/FL P	Fl.205	28	3.50	32	4.90	—	—	"
$/FL P	Fl.210	—	—	6	8.90	—	—	"
		Dec. 87		Mar. 88		June 88		
$/FL C	Fl.190	20	12.20	5	12.30	—	—	Fl.202
$/FL C	Fl.200	6	5	10	6.20	72	6.60	"
$/FL C	Fl.205	34	3	10	4.10	20	5	"
$/FL C	Fl.210	—	—	4	2.80	—	—	"
$/FL C	Fl.220	—	—	—	—	12	1.90	"
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.50	505	1.10	37	3.50A	164	5	Fl.48.80
ABN P	Fl.48	1218	1.20	1116	2.30A	30	2.80	"
AEGON C	Fl.90	152	2.10	17	5.20	1	8	Fl.86.80
AEGON P	Fl.85	74	2	70	3.50	10	4.50	"
AHOLD C	Fl.110	77	0.90	8	3	—	—	Fl.99.70
AHOLD P	Fl.105	199	6.50	51	8.20	—	—	"
AKZO C	Fl.170	871	5.90	361	11.90	10	15.30	Fl.169.20
AKZO P	Fl.160	249	2.20	399	5.30	31	7	"
AMEV C	Fl.65	62	0.70	31	3	—	—	Fl.60.70
AMEV P	Fl.60	—	—	323	3.20	20	4	"
AMRO C	Fl.90	22	1.30	59	3.60	27	5.80	Fl.85.50
AMRO P	Fl.85	39	2.10	1017	3.70	7	4.80	"
ELSEVIER C	Fl.55	—	—	225	11.50	—	—	Fl.62.50
ELSEVIER P	Fl.60	399	2.30	14	3.80	—	—	"
GIST-BROC.C	Fl.50	113	1	42	2.80	12	4	Fl.47.60
GIST-BROC. P	Fl.50	83	3.20	8	4.50	—	—	"
HEINEKEN C	Fl.180	32	5.20	112	12.30	1	18	Fl.178
HEINEKEN P	Fl.170	90	2.50	58	5.50	—	—	"
HOOGOVENS C	Fl.50	29	1.20	51	3.30	3	5.50	Fl.47.20
HOOGOVENS P	Fl.50	70	3.70	18	5.20	—	—	"
KLM C	Fl.55	131	1.10	265	3.20	5	5	Fl.51.50
KLM P	Fl.50	39	1.20	174	2.70	—	—	"
NEDLLOYD P	Fl.150	214	1	6	4.90	—	—	Fl.180
NAT.NED. C	Fl.75	184	2.20	56	3.50	3	7.40	Fl.74.40
NAT NED P	Fl.75	29	2.60B	116	4	1	4.70	"
PHILIPS C	Fl.55	253	0.90	145	2.20	70	3.20	Fl.51.40
PHILIPS P	Fl.50	237	1.10A	144	2.50	48	3.60	"
ROYAL DUTCH C	Fl.270	515	3.50	627	9.50	82	14.50A	Fl.260
ROYAL DUTCH P	Fl.250	1179	4.50A	184	8.30	—	—	"
ROBECO C	Fl.105	—	—	102	7.70	—	—	Fl.107.70
ROBECO P	Fl.110	3	3.50	10	4.30B	—	—	"
UNILEVER C	Fl.144	163	2.50	265	6.90B	—	—	Fl.136.80
UNILEVER P	Fl.132	245	2.20	144	5	—	—	"

TOTAL VOLUME IN CONTRACTS: 42,335

A=Ask B=Bid C=Call P=Put

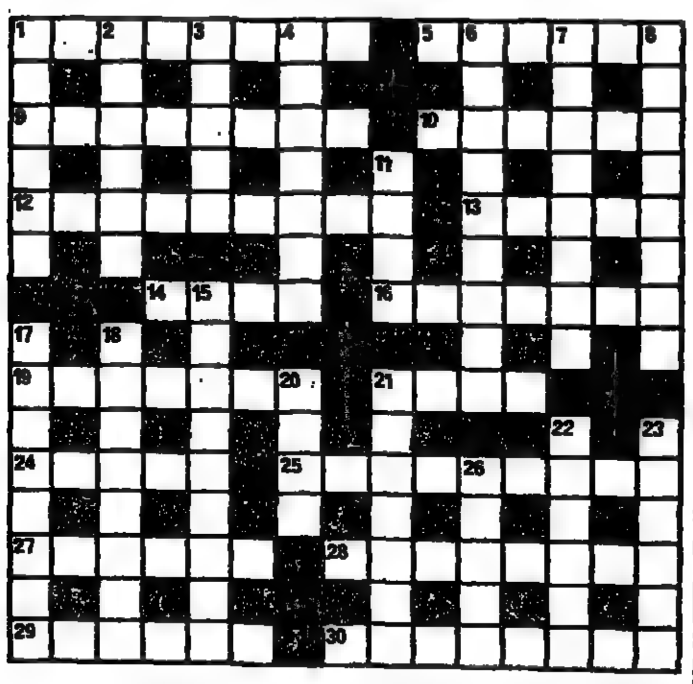
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'r'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5%. Sureties 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,426

VIXEN



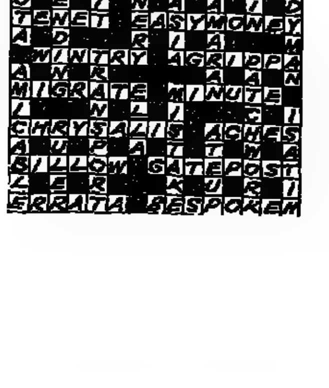
ACROSS

1 A bed-sit in the West Country for the sponger? (8)
5 Call for silence that's the heartless lad's safeguard (6)
9 A Communist holding others in custody (8)
10 A hut is to be tidied up in the break (6)
12 Tears of the inexperienced person one criticises (9)
13 Depend on a guy keeping in key (5)
14 Yarn connecting an army man with a politician (4)
16 Repeat of a trite broadcast by egghead (7)
19 A performer in a difficult part is terribly nervous (7)
21 Figure on refuse to bring money (4)
24 Judge a line to be about right (5)
25 "Sleep shall neither night nor day hang upon his . . . lid." Shakespeare (Macbeth) (9)
27 Serving men idle maybe, so get upbraided (6)
28 The bounder swears but remains (8)
29 Deny entry after the latter half of June (6)
30 Their stock is extremely small—should grow though (8)

DOWN

1 *Worker must accept new* lad, that's official (6)
2 Article about transport set-up in Greece (6)
3 *15 down put to flight* (5)
4 Rise above plain work (7)
6 The number stuffing poultry is increasing (9)
7 The North-European, note, is an agitator (8)
8 An attractive girl, Eve—and left to get in a mess! (8)
11 Some people like a stiff drink (4)
15 A rebellious individual ruins organisation man (9)
17 Found smooth but quiet rigid (4-4)
18 Deciding to discontinue work can be really impressive (8)
20 Catch sight of Oriental agent (4)
21 When playing none act natural (7)
22 Keeping quiet about employment in an exhibition centre (6)
23 Grounds for respecting a certain issue (6)
26 Save nothing in difficult situation (5)

Solution to Puzzle No. 6,425



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	109.4	115.7	-2.3	1.80
(Accum Units)	114.5	121.1	-2.5	1.30
American Income	50.5	53.4	-1.0	4.44
(Accum Units)	55.1	58.3	-1.0	4.44
American Sm Cos Fd	49.9	52.8	-1.9	0.46
(Accum Units)	49.9	52.8	-1.9	0.46
British Blue Chip Fund	51.9	54.9	-0.9	2.30
(Accum Units)	51.9	54.9	-0.9	2.30
European Growth	157.0	166.1	-0.4	1.47
(Accum Units)	163.9	173.4	-0.5	1.47
European Income	85.2	90.1	+0.2	3.35
(Accum Units)	89.5	91.7	+0.2	3.35
Exempt	350.8	368.0	+9.9	2.36
(Accum Units)	567.5	592.0	+15.7	2.36
General	379.2	401.3	-4.5	1.24
(Accum Units)	633.8	670.6	-7.9	1.24
Gilt	[illegible]	[illegible]	-0.3	7.76
(Accum Units)	102.9	103.4	-0.3	7.76
Global Fund	51.2	54.1	-0.7	4.27
(Accum Units)	51.2	54.1	-0.7	4.27
High Income Fund	53.6	56.7	-0.3	4.62
(Accum Units)	54.4	57.5	-0.4	4.62
High Interest Fund	43.1	45.6	+0.0	5.45
(Accum Units)	43.5	46.0	+0.0	5.45
Income	126.8	134.1	-0.9	2.61
(Accum Units)	146.3	154.8	-1.1	2.61
International	305.8	323.5	-2.5	1.29
(Accum Units)	382.7	404.9	-3.0	1.29
Japan	206.5	218.5	-0.3	0.35
(Accum Units)	211.8	224.1	-0.3	0.35
Pacific Fund	58.6	62.0	+0.2	0.10
(Accum Units)	58.6	62.0	+0.2	0.10
Recovery	321.1	339.7	-3.3	1.39
(Accum Units)	349.0	360.3	-4.0	1.39
UK Smaller Co's Fund	55.9	59.2	-0.2	0.46
(Accum Units)	56.4	59.6	-0.2	0.46

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Sept 8	627.5	635.8	—	2.08

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AL 0707 45184

UK Income Fund	62.0	65.9	-0.8	4.55

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	119.9	127.4	-1.4	2.01
PM Income and Growth	108.2	110.9	-2.7	2.90
PM N American Growth	56.5	60.1	-0.7	0.34
PM European Growth	52.5	55.8	+0.1	0.56
PM Japan Growth	72.1	76.6	-0.3	0.36
PM Overseas Growth	56.1	59.6	-0.4	0.49

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	83.2	88.0	-0.2	0.96
Holborn Equity Income	73.3	77.5	-0.4	3.32
Holborn Equity Tst.	594.3	628.8	-7.3	2.15
Holborn European Tst.	125.2	132.4	+0.1	0.63
Holborn Gilt Tst.	206.5	225.4	-0.9	2.22
Holborn High Inc Tst.	89.4	94.5	-0.4	4.57
Holborn Ind Grth Tst.	123.6	130.7	-1.0	0.67
Holborn Intl Sm Cos	—	0.50	—	0.05
Holborn Japanese Tst.	137.7	145.7	-0.1	0.04
Holborn N. Amer. Tst.	94.3	98.5	-1.7	0.49
Holborn Sm Cos Tst.	81.7	86.4	-0.5	2.36
Holborn Spec Sits Tst.	105.3	111.4	-1.8	1.31
Holborn UK Growth Tst.	117.5	124.3	-1.6	1.51

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	675.7	715.1	—	1.37
Quadrant Income	335.0	354.5	—	3.76
Quadrant Intl. Fund	457.6	484.9	—	1.03
Quadrant Spec. Sits	468.0	495.3	—	1.33

Reliance Unit Mgrs. Ltd
Reliance House, Tonbridge Wells, Kent 0892 510033

British Life	246.9	261.5	-2.0	2.31
Reliance Unit Tst (Inc)	170.3	181.0	-2.8	1.46
Reliance Ut Tst (Acc)	229.1	243.6	-3.8	1.46

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	50.4	53.0	-0.3	1.5

N.M. Rothschild Fund Mngmt

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage 0438 356101

Managed	451.0	474.7	...	—
Property	282.7	297.6	...	—
Equity	575.3	605.6	...	—
Gilt Edged	350.6	369.0	...	—
Deposit	205.9	216.7	...	—
Investment	245.1	257.4	...	—
International	439.8	462.9	...	—
Pension Fund Prices				
Managed Init.		330.0	...	—
Do. Accum.		406.2	...	—
Property Init.		246.3	...	—
Do. Accum.		303.1	...	—
Equity Init.		441.2	...	—
Do. Accum.		542.1	...	—
Gilt-Edged Init.		224.8	...	—
Do. Accum.		276.7	...	—
Guaranteed Init.		158.9	...	—
Do. Accum.		195.6	...	—
International Init.		512.5	...	—
Do. Accum.		630.2	...	—
Index Lk. Gilt Init.		134.1	...	—
Do. Accum.		165.0	...	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	319.0	+0.2	—
Property Pens.	427.8	+0.4	—
Equity	198.2	-0.3	—
Equity Pens.	698.0	-2.5	—
Money Market	297.0	+0.2	—
Money Mkt. Pens.	534.5	+0.5	—
Deposit	238.8	+0.0	—
Deposit Pens.	381.8	+0.1	—
Managed	298.6	+0.1	—
Managed Pens.	576.9	+0.1	—
Intl. Equity	355.7	-0.1	—
Do. Pens.	578.0	+0.4	—
Intl. Managed	326.1	-0.3	—
Do. Pens.	486.6	-0.3	—
North American	133.8	-0.5	—
Do. Pens.	153.2	-0.7	—
Far East	295.3	+0.0	—
Do. Pens.	435.9	+4.1	—
Intnl. Currency	168.5	+0.0	—
Do. Pens.	217.0	+0.0	—

National Provident Inst.—Contd.

Far East Initial	490.1	515.7	-1.9	—
Far East	587.3	618.3	-2.2	—
Prop. Initial	143.6	151.2	-0.3	—
Prop.	172.3	181.4	-0.3	—
Fixed Int. Initial	180.5	190.0	-1.2	—
Fixed Int.	216.9	228.4	-1.3	—
Indexed Gilt Initial	99.8	105.1	-0.4	—
Indexed Gilt	118.9	125.2	-0.3	—
Deposit Initial	135.4	142.6	...	—
Deposit	164.5	173.2	...	—
NPI Pensions Management Ltd				
Managed Fund	966.1	983.4	...	—

Prices Sept. 1. Next dealing Oct. 1.

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	57.1	60.2	-0.5	—
Stock Market Mngd Fund	58.9	62.1	-0.6	—
Equity Fund	63.7	67.1	-0.8	—
International Fund	55.1	58.1	-0.4	—
European Fund	59.1	62.3	-0.1	—
North American Fund	50.2	52.9	-0.5	—
Pacific Fund	64.5	67.9	-1.0	—
Property Fund	52.1	54.9	...	—
Fixed Interest Fund	47.8	50.4	-0.3	—
Index linked Sec Fund	45.3	47.7	...	—
Deposit Fund	51.3	54.0	+0.1	—
NUAM Retirement Plans				
Mixed Fund	61.4	64.7	-0.1	—
UK Ordinary Share	73.4	77.3	-0.3	—
International Fund	57.3	60.4	+0.1	—
Property Fund	52.1	54.9	...	—
Fixed Interest Fund	49.8	52.5	-0.1	—
Index Linked Sec Fund	45.6	48.1	-0.2	—
Deposit Fund	53.3	56.2	+0.1	—
NUAM (MF)				
Managed Fund	784.9	826.3	-7.2	—
Equity Fund	1699.2	1788.7	-24.0	—
Property Fund	324.4	341.5	...	—
Fixed Interest Fund	352.7	371.3	-1.9	—
Deposit Fund	209.1	220.2	...	—
International Fund	143.2	150.8	-0.4	—
Index Linked Sec Fund	45.3	47.7	...	—

Norwich Union Life Insurance Soc.

[illegible]

Pearl Assurance (Unit Funds) Ltd

[illegible]

Phoenix Assurance Co Ltd

[illegible]

Pioneer Mutual Insurance Co Ltd

[illegible]

Premium Life Assurance Co Ltd

[illegible]

Property Equity & Life Ass. Co

[illegible]

Property Growth Assur Co Ltd

[illegible]

Providence Capital Life Assc. Co Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Provident Mutual Life Assc. Assn.

[illegible]

Provident Mutual Life Assc.—Cont.

[illegible]

Provincial Life Assurance Co Ltd

[illegible]

Prudential Pensions Limited

[illegible]

Regency Life Assurance Co Ltd

[illegible]

Reliance Mutual

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assce (Life & Pensions)

[illegible]

Save & Prosper Group

[illegible]

Scottish Amicable Investments

[illegible]

Scottish Equitable Life Assc. Soc.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance Society

[illegible]

Scottish Widows' Group

[illegible]

Skandia Life Assur.—Contd.

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Insurance Group

[illegible]

Sun Life of Canada (UK) Ltd

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co. Ltd

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Trident Life Assurance Co Ltd

[illegible]

UK Life Assurance Co Ltd

[illegible]

UK Provident

[illegible]

Windsor Life Assur Co Ltd

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas. 12pc 1987	[illegible]	.....	11.98	10.16
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	[illegible]	[illegible]	7.80	9.20
[illegible]	[illegible]	Exch 10½pc '88	100	[illegible]	10.50	10.36
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	[illegible]	9.80	10.41
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	.....	3.10	7.19
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.60	10.47
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	11.36	10.51
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.64	10.48
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	3.22	7.34
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.51	10.50
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	10.09	10.49
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	10.90	10.48
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	5.37	8.64
[illegible]	[illegible]	Exch 10½pcCv '89	[illegible]	[illegible]	10.27	10.31
[illegible]	105	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.35	10.37
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.88	10.42
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	11.97	10.47
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.39	7.84
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.64	10.14
105	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	10.15	10.53
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.91	7.47
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.38	11.47
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.44	9.34
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.554	7.90
[illegible]	99	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.06	10.16
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.82	10.46
[illegible]	[illegible]	Treas. 8pc 1991e	92	[illegible]		
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.83	10.45
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.15	10.40
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.75	10.45
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	100	[illegible]	10.49	10.45
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.74	8.03
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	11.49	10.48

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

Charities Aid Fndn Money Mngmt Co Ltd
Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461

CAFCASH Call Fund	9.02	6.70	9.58	3-mth
CAFCASH 7-day Fund	8.99	6.77	9.51	3-mth

The Charities Deposit Fund
2 Fore Street, London EC2Y 5AQ 01-588 1815

Deposit	9.35		9.68	—

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01-236 1425

Call Fnd	8.95	6.73	9.37	6-Mth
7-day Fund	9.16	6.92	9.60	6-Mth
Dollar	5.99	4.53	6.30	3-Mth

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅛	22⅞	Sara Lee $1	25¼xd	–⅞	$1.00	—	2.4
11⅞	8⅞	Saul (B. F.) $1	11⅛xd	....	20c	—	1.1
26¼	19⅞	Southwestern Bell $1	22¼	....	t$2.32	—	6.3
19	14¼	Staley Continental	17	–⅛	80c	—	2.9
44⅞	35¼	Sun Co. Inc. $1	35⅝	–¼	$3.00	—	5.2
42¼	28½	TRW Inc. $0.625	36⅞	–⅞	h$1.60	—	—
34⅞	25⅞	Tenneco $5	31½	–⅞	$3.04	—	5.9
202½	149½	Do. 10pc Ln.Stk. 91-5	202½xd	....	10%	—	5.0
29⅝	17⅞	Texaco $6.25	23⅝xd	–½	$3.00	—	7.7
74⅞	47⅛	Time Inc. $1	61⅞xd	–1⅛	$1.00	—	1.0
15¼	11	Tracor $0.33	14½	–⅛	40c	—	1.7
30¼	18⅞	Transamerica $1	25⅝	–⅞	$1.76	—	4.2
14¼	922p	Transworld Corp $5	12¼	–⅛	20c	—	1.0
49½	29¼	TRINOVA Corp.	48⅛	....	h$1.00	—	1.3
24⅞	15⅞	♥USX $1	20⅛	–⅛	$1.20	—	3.6
19⅝	15⅞	Union Carbide $1	16½	–⅛	$1.50	—	5.6
37⅞	26⅞	Utd. Technologies	32⅞xd	–⅞	$1.40	—	2.6
38⅝	27	US West	32⅝	....	$3.28	—	6.2
30½	17⅛	Waste Management $1	26⅝	–⅛	—	—	—
£31⅞	£20½	Whirlpool $1.0	£22½	–¼	—	—	—
37⅛	26	♥Woolworth $3½	30⅛	–⅛	$1.32	—	2.6

CANADIANS

1987 High	1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	373p	ABM Gold Corp	382p	–8	—	—	—
21½p	10p	♥Abbot Energy Corp.	20½p	....	—	—	—
15⅞	506p	♥Amer. Barrick Res.	14⅝xd	–½	—	—	—
122p	52p	♥Armeno	73p	–5	—	—	—
19⅛	14⅝	Bk. Montreal	14¼	–¼	$2.00	—	6.2
10½	745p	Bk. Nova Scot.	788p	....	72c	—	4.2
20⅝	18	BCE	18⅛	–⅛	$2.40	—	6.0
10¼	712p	♥Bow Valley	834p	+1	40c	—	—
20	12⅝	♥Brascan	17¼	–⅞	88c	—	2.3
609p	277p	♥Breakwater Res.	405p	–2	—	—	—
11⅝	894p	Can. Imp. Bk. $2	10½xd	....	$1.08	—	4.9

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
180	145	Comac Group 5p	145	-5	—	—	—	—
151	47	Corton Beach 10p	126	+3	0.4	♦	0.4	♦
200	150	Crown Eyeglass 5p	178	+3	—	—	—	—
*62	18	Eglinton Oil Ir.5p	26	+1	—	—	—	—
41	17	Do. Warrants	18	.....	—	—	—	—
186	101	Far East Res. 10p	128	.....	—	—	—	—
88	55	Gardner (J.) 5p	88	.....	R1.25	2.3	1.9	30.5
35	29	Honorbilt Group 5p	35	.....	—	—	—	29.4
87	68	Lynx Tech. 5p	73	+3	b—	—	—	8.4
82	17	Publishing Hldgs 5p	66	-1	—	—	—	38.2
87	45½	Theme Holdings	70	.....	1.0	1.9	2.0	37.5
159	140	UPL Group 10p	159	.....	L2.41	2.8	2.1	—
140	111	Unit Group	140ρ	.....	R4.6	2.5	4.5	10.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♯♯ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	+1	Fin. 13% 97/02	£103½	.....
Craig & Rose £1	713	+65	Arnotts	400	+5
Finlay Pkg. 5p	111	-1	CPI Hldgs	89	-1
Holt (Jos) 25p	1005	.....	Carrol Inds.	189	-6
IoM Stm. £1	173	.....	Dublin Gas	40	+10
			Hall (R. & H.)	137	+2
IRISH			Heiton Hldgs.	56xd	-2
Fund 11¼% 1988	£100¼	.....	Irish Ropes	210	.....
Nat. 9¾% 84/89	£97½	.....	Unidare	425xd	+35

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd	65
BOC Grp	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	32	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl.	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	50	TSB	12
Brit. Telecom	28	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	Turner Newall	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	50
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95		
GKN	38	**Oils**	
Hanson Tst.	17	Brit Petroleum	32
Hawker Sidd	58	Britoil	30
ICI	125	Burmah Oil	52
Jaguar	52	Charterhall	10
Ladbroke	45	Premier	11
Legal & Gen	32	Shell	125
Lex Service	45	Tricentrol	11
Lloyds Bank	35	Ultramar	26
Lucas Inds	75	**Mines**	
Marks & Spencer	22	Cons Gold	125
Midland Bk	45	Lonrho	28
Morgan Grenfell	55	Rio T Zinc	100

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19

* New time dealings may take place from 9.00 am two business days earlier.

Bond and share prices dip as markets show concern over international trends

The clouds hovering over the US and Japanese stock markets reached out to embrace London yesterday. Government bonds fell 1¼ points and leading shares also dipped when investors lost confidence, fearing possible repercussions from the uncertainty sweeping both New York and Tokyo.

Wall Street's performance on Tuesday set nerves tingling, although the Dow Jones index closed well above the worst, while another setback in the Nikkei Dow average yesterday reminded London of the far-from-rosy outlook in the Far East.

The absence of any cash call by **Peninsular and Orient**, mooted late the previous evening, brought some relief and equity traders were pleased with the group's mid-term earnings. These complemented trading statements from other leaders including **British Telecom**, **BTR** and **BICC**.

But the market soon encountered obstacles. Buyers were reluctant to commit fresh funds, and rumours of a large sell programme soon had marketmakers cutting dealing prices sharply. The volume of business indicated that trade was lighter than on many recent occasions, most certainly there was no evidence of a major sell-off, but the tone failed to improve.

Professional operators began to unwind trading positions, realising gains built up over the extended Account, and the sales brought sizeable losses to a range of stocks. Popular situation issues and speculative counters were among the worst hit.

New York showed a certain amount of resilience when business resumed yesterday but spirits remained downcast in London and the FT-SE 100 share index closed 25.1 down at 2,249.1 after showing a 27.6 fall at 2.48 pm.

Facing a fuller economic calendar next week and a possible start of when-issued dealings in the first-ever long bond auction of UK stock, the Gilt-edged sector traded cautiously. Because of the overnight shake-out in the US bond market, where yields are approaching the level offered here, longer-dated Gilts opened a half-point down.

They quickly extended the losses through the lack of support and eventually ended the session showing falls stretching to 1¼ points. Sterling gave little comfort to a market currently guided by the trends of other international bond markets.

British Telecom were very much in the news—the first-quarter results were announced and the annual meeting took place in the National Exhibition Centre in Birmingham. In a substantial turnover of 17m, the shares slipped a few pence on the trading results—pre-tax profits of £561m were in line with expectations—but came under pressure on news of the retirement of Sir George Jefferson, the chairman at the end of September. Sentiment in the shares was also also dented by another barrage of bad publicity in the national Press.

BICC jumped 13 to 415p and were a "real feature" according to traders who said the first-half pre-tax profits of £60.4m, 29 per cent up on the same period last year, easily outsripped the most optimistic analysts' forecasts. A substantial re-rating of the shares is almost certainly on the cards in the near future, dealers said.

P & O, the shipping and property combine headed by Sir Jeffrey Sterling, moved erratically. Initially firm at 699p reflecting widespread relief that interim profits of just over £101m—well above most market estimates—had not been accompanied by a substantial rights issue, the share drifted back to settle only 3 dearer on balance at 687p.

Fears of a large cash call depressed P & O's share price late on Tuesday, but Sir Jeffrey's comment "why should there be?" seemingly justified the scepticism expressed by a number of analysts at the group having any requirement to raise capital in this manner.

London International Group rose 8 to 330p as **Salomon Brothers** put out a buy recommendation to clients.

Analyst Steve Plag reckons that the shares, down from a peak of 408p, have been oversold. He suggests group pre-tax profits will grow by more than 19 per cent per annum on a compound basis over the next five years, in the absence of any contribution from the Boots-Celltech fertility contraceptive kit.

Interest in the financial sectors was again focused on Hill Samuel, which announced on Tuesday the sacking of the two heads of its corporate finance department.

Hill Samuel shares were heavily sold from the outset and dropped to 629p before steadying later and closing a net 28 down at 634p—a two-day decline of 48.

Dealers said the steep slide in the share price was arrested by news that the two major shareholders in the bank, Larry Adler's FAI Insurances and Kerry Packer's Consolidated Press, has raised their shareholdings in Hill Samuel to 14.7 per cent and 13.07 per cent respectively, following purchases of 200,000 by FAI and 450,000 by Consolidated.

The affair cast a shadow over other merchant banks. **Kleinwort Benson** remained a weak market, dropping a further 23 to 528p — a two-day fall of 36 — ahead of the half-year figures due on September 21. **S. G. Warburg** fell to 474p but steadied to close only 3 easier on balance at 477p. **Morgan Grenfell** were finally a couple of pence up at 524p, after 517p, while **Hambros**, reflecting a stock shortage, hardened 2 more to 363p.

The clearing banks see-sawed and eventually closed with minor changes in either direction, but **NatWest** showed a 4 decline at 715p and **Midland** slipped 2 to 498p; **Hongkong and Shanghai Banking** denied buying the 7.5m shares that went through the market on Monday along with the 17.5m shares representing the rump of the £700m rights issue. Midland said that shareholders had taken up 92.5 per cent of the rights.

Interim pre-tax profits at **Prudential Corporation** came out at £103m, around the top end of market forecasts, but there was slight disappointment with the dividend, dealers said, and the shares slipped back ⅛ to £10. Other life issues, firm recently in the wake of the bid for Equity and Law, gave ground on profit-taking. **Legal and General** suffered badly, closing 15 off at 318p and **London & Manchester** dropped 12 to 324p. Brokers included a number of poor performers, notably **Stewart Wrightson** which dropped 20 to 539p and **Willis Faber**, 15 off at 358p. **Dewey Warren**, where Robert Holmes à Court has a 41.47 per cent stake and Kuwait Investment Office 25.2 per cent, returned to the market after suspension and opened at 310p ex-rights before falling to 285p and closing at 295p ex-rights; the new were finally quoted at 37p premium.

Breweries generally gave modest ground, although dealers were quick to emphasise that the undertone remained firm. A particularly lively business was transacted in **Guinness**, finally 2 off at 367p as investors took positions ahead of the interim results which are scheduled for next Thursday; the announcements that the Cognac Hine operation is to be sold to Moet-Hennessy for £25m and that the Distillers CO2 business is also up for sale were greeted favourably.

A first glance at **George Wimpey's** interim results sparked an immediate jump in the share price to 272p—profits were some £8m above market estimates—however, a more detailed analysis of the figures saw the price ease back to 260½p for a gain of 6½ on the day. Fellow housebuilder **Barratt Developments** gleaned some encouragement from the Wimpey results and firmed 4 to 212p, but **Costain** lost 6 to 344p on Press suggestions that the recent bouyancy of the share price owed much to so far unfounded bid rumours. **John Laing** continued to attract buyers ahead of today's interim results and closed a shade dearer at 379p. Profit-taking developed among brick makers in the wake of Wednesday's excellent results from Ibstock Johnsen. **Ibstock** came back 5 to 184p, while **Steetley** relinquished 8 at 353p. Elsewhere, **Polypipe** attracted sizeable demand, mainly from once source, and firmed 5 to 423p; the interim results are due on September 22.

ICI drifted back to close ¼ easier at £15¾, while **Laporte**, a rising market recently, encountered light profit-taking and slipped 3 to 548p. **Brent Chemicals**, reporting shortly, hardened a penny to 213p; BZW are looking for half-year profits in the region of £4.3m. **Coalite** came back 7 to 387p, but **Blagden** hardened a couple of pence to 210p following details of a Belgian acquisition.

Stores gave ground across the board. Sizeable losses were sustained by **Marks and Spencer**, 225p, and **Woolworths**, 360p, down 9 and 6 respectively. Mr George Davies' **Next** fell 6 to 349p ahead of the interim figures which are scheduled for next Tuesday. **Bolton Textile**, a rising market recently and exceptionally firm on Tuesday following disclosure of an agreement with Fischer Pharmaceuticals, encountered the inevitable offerings and ran back 25 to 83p. **Canters** hardened 10 to 460p with the A shares 15 dearer at 228p as the furniture, carpets and bedding retailer revealed sharply increased first-half profits with an additional sweetener of a proposed 100 per cent scrip issue. **Albion** put on a few pence to 105p on news that Nicademus of Jersey has acquired just over 5 per cent of the equity.

A minor improvement in **Cable & Wireless**—up 2 at 452p—disguised another substantial turnover in the shares; some 16m shares changes hands yesterday after the 19m turnover that took place on Tuesday.

Far Eastern buyers were again in the market yesterday, as London securities houses continued to sell the shares. A stake of around 5 per cent—55m shares—has almost certainly been accumulated in recent weeks, dealers said.

Awaiting today's interim figures—the first since privatisation,—**Rolls-Royce**—were actively traded before closing 3 down on the day at 111p. Some 10m shares changed hands.

The chairman's confident statement at the annual meeting failed to sustain **ASDA-MFI** which drifted off to close a couple of pence cheaper at 194p; dealers were hoping to hear some rather more positive about the proposed sale of the MFI business, but the chairman stated that no news on this score is expected until next month. **Rowntree** encountered occasional offerings awaiting today's half-timer and settled 10 lower at 561p, but **Dalgety**, reporting shortly, hardened 7 more to 397p. Suggestions of uninspiring dairy sales depressed **Unigate** whic closed 5 down at 370p and, echoing Unigate's weakness, **Northern Foods** shed 7 to 288p. **Nurdin and Peacock** dipped 10 to 181p following disappointing interim results.

Trusthouse Forte enjoyed a lively two-way business—some 5m shares changed hands including two blocks of 1m shares—and the price settled 7 lower at 252p. **Ladbroke** eased 7 to 447p and **Grand Metropolitan** shed 8 to 536p.

BTR closed 6 cheaper at 344p after announcing half-year pre-tax profits of £280m compared with analysts forecast ranging from £250m to £290m.

Among the international stocks, **Glaxo** closed ⅛ cheaper at £1151; the group announced yesterday that its new oral cephalosporin antibiotic drug Zinnat has been granted a product licence for sale in the UK.

T. and N., down 14 at 254p, were not helped by the report of higher legal costs in the US which accompanied the interim figures. Selers gained the upper hand in **British Aerospace**, down 14 at 495p, following conflicting views on the group's prospects following the interimm figures. **Interlink Express**, in contrast, continued to respond to the bumper annual results and rose 11 more to 550p.

Leading Properties, boosted in recent days by fresh reports of buoyancy in the City of London office market and, to a lesser extent bid speculation, turned easier as light profit-taking developed. **Land Securities** settled a shade off at 577p. **Hammerson A**, however, continued to attract buyers on talk that a major stake may change hands and the close was 3 up at 693p; dealers expressed doubts about rumours circulating in the market on Wednesday concerning an outright bid for the company from British Land. **Property Security and Investment**, deemed oversold, rallied 8 to 195p.

Oils opened firmer reflecting the situation in the Gulf and a rise in international crude oil prices—Brent for October delivery added 20 cents at $18 abarrel ahead of today's meetings in Vienna of the Opec pricing and quota committees—but turned down later in the day to close with widespread falls.

But turnover in the sector remained a relatively low levels according to dealers who said much of the day's business was done between market makers.

British Gas remained out of favour and dipped 2½ to 167p, while **BP**, after initially edging up to 368p, settled 6 off at 360p. **Shell** were ⅛ off at $13⅞. **Briteil** suffered a sharp reversal with the shares slipping 8 to 315p, after an early 325p. **Enterprise**, scheduled to announce interims on Friday, lost 6 to 305p. **Burmah** eased 3 to 596p in front of today's half-timer; Greenwell are going for pre-tax profits of £52.5m against £37.6m in the same period last year. **Tricentrel**, 3 cheaper at 117p, also report interim results today.

Although below the levels established on Tuesday, traded option volume still amounted to a respectable 40,509 contracts. Call trading highlighted **BP** which attracted 4,297 trades, 2,000 of which were struck in the January 330 series. Activity in puts was dominated by **British Gas** which contributed 9,473 trades to a put total of 19,722. Most of the business in the class was directed on the October and April 180 series which recorded 4,001 and 5,450 trades respectively.

Traditional Options

- First dealings Sept 1
- Last dealings Sept 18
- Last declaration Dec 3
- For Settlement Dec 14

For rate indications see end of London Share Service

Call options were taken out in **Southend Stadium, Wheway, Astra Holdings, Howard Holdings, FKI, Platignum, Storehouse, Moorgate Mercantile, Metal Box, Abaco, Amstrad, Carless Capel, Virgin, Greenwich Resources, New England Properties, Control Securities, Sound Diffusion, Trimoco** and **Unigate**. Puts were arranged in **Aquascutum A** and **Property Trust**, while double options were transacted in **Elecs Holdings** and **Acorn Computers**.

FINANCIAL TIMES STOCK INDICES

	Sep. 9	Sep. 8	Sep. 7	Sep. 4	Sep. 3	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.19	85.86	85.82	85.72	86.00	87.48	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.52	91.60	92.35	92.18	92.20	94.24	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1756.1	1775.2	1788.5	1782.1	1774.5	1331.1	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	448.6	454.2	458.5	461.2	452.8	302.6	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.33	3.33	3.26	3.27	3.26	4.15				
Earnings Yld. % (full)	8.15	8.22	8.05	8.07	8.06	9.57				
P/E Ratio (net) (*)	15.02	14.94	15.25	15.21	15.23	12.83				
SEAQ Bargains (5 pm)	31,312	33,427	31,533	34,432	33,061	—				
Equity Turnover (£m)	—	1071.73	804.67	1,057.39	933.01	534.86				
Equity Bargains	—	35,333	35,792	35,730	31,443	23,095				
Shares Traded (ml)	—	—	352.3	506.5	445.5	233.7				

S.E. ACTIVITY

Indices	Sep. 8	Sep. 7
Gilt Edged Bargains	109.6	93.6
Equity Bargains	228.9	231.9
Equity Value	2166.2	1626.4
5-Day Average		
Gilt Edged Bargains	108.1	108.9
Equity Bargains	224.6	226.8
Equity Value	2096.9	2094.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1774.8	1764.9	1762.3	1755.0	1757.4	1755.5	1755.1	1759.2

Day's High 1774.8 Day's Low 1754.4. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.77.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (30)

AMERICANS (1), Image Storage. BUILDINGS (1), Polypipe. CHEMICALS (1), Perstop. STORES (1), Smallbone. ELECTRICALS (2), Applied Holographics, Do Warrants. ENGINEERING (2), Carclo Eng, Stothert and Pitt. FOODS (1), Dalgety. INDUSTRIALS (9), ASD, Alumasc, Brown and Tawse, Euro Ferries Pref, Kenyon Securities, Monks and Crane, Spandex, Spear (J. W.), TNT. INSURANCE (2), Dewey Warren, FAI Insurance. LEISURE (1), Leisure Inv. PAPER (1), Ferguson Ind. TRUSTS (5), Cres Venture Trust, Greenfriar Inv, India Fund, Ivory and Sime, Mercury Asset Management. OILS (1), Command Pet. MINES (2), Ventersport, Free State Dev.

NEW LOWS (18)

BRITISH FUNDS (1), Treasury 12pc 1987. AMERICANS (6), Allegheny and Western, American Medical Int, Great American First Savings Bank, Home Group, Houston Inds, Pennzoil, Sun Co. BANKS (1), MCorp. ELECTRICALS (3), Admiral Computing, ITL Inf Tech, Mitel. LEISURE (1), Airtours. TRUSTS (2), Liberty All-Star, Independent Resources. MINES (1), Mosto Expln.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,800	194	−2½	Ladbroke	2,700	447	−7
Allied Lyons	2,200	415	−4	Land Securities	1,600	577	−1
Amstrad	3,000	169	−6	Legal & Gen.	1,700	318	−15
Argyll Group	2,200	410	−10	Lloyds Bank	813	358	—
Assoc. Brit. Foods	89	361	—	Lonrho	1,600	304	+3
BAT	1,500	652	−4	Lucas	519	728	−2
BET	533	265	−4	MEPC	1,400	544	—
BICC	1,900	415	+13	Marks & Spencer	6,200	225	−9
BOC	994	536	−1	Midland Bank	1,000	498	−2
BPB Inds	310	393	−4	Natwest Bank	1,500	715	−4
BPCC	1,400	374	−10	Next	761	349	−6
BTR	3,700	344	−6	Pearson	429	777	−8
Barclays	895	568	—	P & O	2,200	687	+3
Bass	297	977	−2	Pilkington Bros	1,000	296	—
Beecham	3,200	531	+2	Plessey	3,900	184	−3
Blue Circle	1,000	452	−11	Prudential	727	£10	−
Boots	1,600	304	−4	Racal	6,900	295½	−8½
Brit. Airways	1,800	197	—	Rank Org.	267	684	−10
Brit. Aero	1,800	495	−14	RHM	1,000	321	−6
Brit. & Comm.	626	496	−3	Reckitt & Col	456	£11⅛	+⅛
British Gas	10,000	167	−2½	Redland	545	519	+1
Britoil	4,100	315	−8	Reed Intl.	541	529	−11
BP	7,400	360	−6	Reuters	179	861	−3
Brit. Telecom	17,000	262	−7	RMC	708	487	−3
Bunzl	1,500	235	−2	RTZ	539	£12⅞	—
Burton	1,200	302	−3	Rolls-Royce	9,900	111	−3
Cable & Wire	16,000	452	+2	Rowntree	1,000	561	−10
Cadbury Schwps	4,900	269	−4	Ryl Bank Scotland	283	398	−1
Coats Viyella	285	365	−8	Royal Insurance	1,300	533	−2
Comm. Union	1,000	364	−1	STC	4,500	288½	−5½
Cons. Gold	635	£14¼	+¼	Saatchi & Saatchi	664	642	+1
Cookson	410	612	−6	Sainsbury	359	269	−1
Courtaulds	188	485	−1	Scott & Newcastle	2,300	248	−8
Dee Corpn	2,900	225	−3	Sears	3,700	165½	−3
Dixons Group	598	363	−1	Sedgwick	680	295	−2
English China Clays	895	478	−2	Shell Trans	1,900	£13⅞	−⅛
Fisons	812	352	−4	Smith & Nephew	2,700	163½	−2
Gen. Accident	[illegible]	£10⅞	—	Standard Chart	816	800	−9
Gen. Elect	2,900	210	−3	Storehouse	2,300	364	—
Glaxo	2,000	£16⅛	−⅛	Sun Alliance	103	£10⅛	—
Globe Investment	373	177½	−½	TSB	3,200	142	−1
Granada	3,300	333	−6	Tarmac	2,400	298	−4
Grand Met.	516	536	−8	Tesco	1,100	183	−3
GUS "A"	562	£12⅞	−⅛	Thorn EMI	249	664	−4
Guardian R.E.	312	£10⅛	−⅛	Trafalgar House	195	364	−1
GKN	1,400	383½	−7	T'house Forte	6,000	252	−7
Guinness	6,400	367	−2	Ultramar	2,400	280	−4
Hammerson	1,300	693	+3	Unigate	1,100	370	−5
Hanson Trust	4,200	182½	−2½	Unilever	1,100	614	—
Hawker Sidd.	234	575	−5	United Biscuits	385	319	−4
Hillsdown Hldgs	2,500	317	−3	Wellcome	1,200	437	−4
ICI	2,700	£15¾	−¼	Whitbread "A"	466	345	−2
Jaguar	1,100	539	−5	Woolworth	1,700	360	−6

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	110	2
Corporations, Dominion and Foreign Bonds	—	17	38
Industrials	247	722	612
Financial and Properties	108	194	307
Oils	16	53	45
Plantations	1	1	12
Mines	31	76	83
Others	33	137	64
Totals	436	1,310	1,163

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Equity groups & sub-sections	Wednesday September 9 1987: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tue Sep 8 Index No.	Mon Sep 7 Index No.	Fri Sep 4 Index No.	Year ago (approx) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

Price Indices	Wed Sept 9	Day's change %	Tue Sept 8	xd adj. today	xd adj. 1987 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average gross redemption yields		Wed Sep 9	Tue Sep 8	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*415)	390	35	45	58	7	15	18
	420	17	30	40	18	28	33
	460	5	16	25	50	55	58
Brit. Airways (*198)	190	18	—	—	7	—	—
	200	12	28	32	13	19	22
	220	4	17	21	26	35	40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Guinness (*368)	330	46	58	67	6	12	12
	360	25	40	50	14	22	25
	390	12	25	—	30	35	—
Ladbroke (*450)	420	—	55	65	—	16	23
	443	27	—	—	20	—	—
	460	18	33	42	30	35	40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡110	F.P.	18/9	121	108	Adscene	108	−3	L2.5	1.9	3.2	22.8
245	100	28/8	147	130	BAA	135	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

September 9. Total Contracts 40,509. Calls 20,787. Puts 19,722. FT-SE Index Calls 1,451. Puts 1,742 *Underlying security price.

‡Opening index 2275.0; 10 am 2263.0; 11 am 2260.8; Noon 2250.5; 1 pm 2252.7; 2 pm 2249.8; 3 pm 2248.8; 3.30 pm 2254.5; 4 pm 2253.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

WORLD STOCK MARKETS

AUSTRIA

Sep. 9	Price Sch%	+ or −
Creditanstalt	2120	+20
Goesser	3200	+30
Interunfall	12310	......
Jungbunzlauer	8580	+10
Laenderbank	1930	+20
Perlmooser	722	−3
Steyr-Daimler	120	−1
Veitscher Mag	815	−4

BELGIUM/LUXEMBOURG

Sep. 9	Price Frs.	+ or −
B.B.L.	3250	−50
Banque Gen. Du L.	14875	......
Bank Int. A	14300	......
Bekaert B	11200	−850
Ciment CBR	5850	−320
Cockerill	175	......
Colruyt	11525	......
Delhaize	4300	−200
EBES	4790	−70
Fabrique Nat	1450	−20
GB Inno BM	1280	−20
GBL (Brux) L	4100	......
Generale Bank	6300	−40
Gevaert	8000	−190
Hoboken	8250	−150
Intercom	3800	−90
Kredietbank	4400	−80
Pan Holdings	13900	−100
Petrofina	12850	−700
Raffinerie Tirle	1745	+5
Royale Belge	6090	−60
Soc Gen Belge	3660	−40
Sofina	14425	−25
Solvay	14500	−100
Stanwick Intl.	550	......
Tractebel	7500	−400
UCB	10525	−525
Wagons Lits	5700	+20

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

Sep. 9	Price Dm.	+ or −
AEG	329.00	......
Allianz Vers	1970.00	......
BASF	330.70	+0.6
Bayer	345.00	+0.5
Bayer-Hypo	502.00	+2
Bayer-Verein	484.00	+11
BHF-Bank	472.00	+4
BMW	732.00	+3
Brown Boveri	346.00	+11
Commerzbank	296.00	+3
Cont'l Gummi	350.00	+0.3
Daimler-Benz	1092.50	+40.5
Degussa	527.00	−1.5
D'sche Babcock	229.00	+3
Deutsche Bank	682.00	+1.5
Dresdner Bank	355.00	+2.5
Feldmuehle Nobel	323.00	+1
Henkel	564.50	+4.5
Hochtief	700.00	+2
Hoechst	320.50	+3.5
Hoesch Werke	126.00	+2
Holzmann (P)	420.00	......
Horten	234.00	+1
Hussel	660.00	−11
Karstadt	551.00	+1
Kaufhof	501.00	+3
KHD	182.00	+1.5
Kloeckner Werke	142.50	+0.4
Linde	749.00	+1
Lufthansa	173.00	−4
MAN	190.50	+1
Mannesmann	169.30	+3.5
Mercedes Hld.	956.00	+21
Metallgesell	351.00	+1
Muench Rueck	2060.00	+5
Nixdorf	814.50	+1.5
Porsche	963.00	−7
Preussag	195.00	+6
Rhein West Elect	248.00	+1.5
Rosenthal	264.80	−0.2
Schering	602.00	+2.2
Siemens	641.00	−2
Thyssen	132.50	+0.5
Varta	361.00	+4
Veba	313.80	+0.8
[illegible]	[illegible]	+2
[illegible]	[illegible]	−3
[illegible]	[illegible]	+4

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

Sep. 9	Price Pts. %	+ or −
Banco Bilbao	1805	......
Banco Central	1075.00	......
Banco Exterior	470	......
Banco Hispano	704	......
Banco Popular	1806	+16
Banco Santander	1199	−26
Banco de Vizcaya	1920	−20
Banesto	1165	−60
Dragados	800	−10
Hidrola	105	−3
Iberduero	143.70	−0.8
Petroleos	731	−35
Telefonica	223	−6.5

SWEDEN

Sep. 9	Price Kronor	+ or −
AGA (free)	223.00	−5
Alfa-Laval	345.00	−2
ASEA (Free)	446.00	......
Astra B (Free)	253.00	−5
Atlas Copco	193.00	−2
Beijer A Fria	233.00	+20
Cardo (Free)	328	......
Cellulosa	336.00	−2
Electrolux B	330.00	−2
Ericsson	232.00	−2
Esselte	202.00	+1
Mo Och Domsjo	478.00	+18
Pharmacia	232.00	−2
Saab-Scania (free)	262.00	......
Sandvik	211.00	−1
Skandia Ins.	208.00	+1
Skandia Intl.	285.00	−4
Skan Enskilda	155.00	−2
SKF	366.00	......
St. Kopparbergs	397.00	−2
Svka Handelsbn	540.00	......
Swedish Match	113.00	−1
Volvo B (Free)	408.00	......

SWITZERLAND

Sep. 9	Price Frs.	+ or −
Adia Intl.	12800	−200
Alusuisse	880	+5
Bank Leu	3925	−30
Brown Boveri	2925	+105
Ciba Geigy	3775	−25
do. (PtCts)	2610	−15
Credit Suisse	3300	......
[illegible]	[illegible]	[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

Sep. 9	Price Aust$	+ or −
News	22.30	−0.2
Noranda Pacific	4.40	−0.06
North Bkn Hill	4.65	......
Oakbridge	0.50	......
Pacific Dunlop	5.64	−0.1
Pancont'l	4.80	−0.3
Pioneer Conc	4.68	......
Placer Pacific	3.90	−0.1
Poseidon	6.90	−0.2
Queensland Coal	1.60	......
Santos	7.40	......
Smith (H.)	5.00	−0.02
Thos Natwide	6.46	+0.14
Tooth	8.30	+0.1
Vamgas	3.60	−0.1
Western Mining	9.86	−0.14
Westpac	6.94	+0.04
Woodside Petrol	2.20	−0.13
Woolworths	3.55	......
Wormald Intl	3.50xr	......

HONG KONG

Sep. 9	Price H.K.$	+ or −
Bank East Asia	30.75	−0.5
Cathy Pacific	7.80	−0.25
Cheung Kong	12.80	......
China Light	26.20	......
Evergo	0.94	−0.01
Hang Lung	17.80	−0.4
Hang Seng Bank	47.00	−0.25
Henderson Land	7.05	......
Hong Kong China	20.20	......
HK Electric	9.95	......
HK Land	7.90	−0.1
HK Shanghai Bank	10.60	−0.2
HK Telephone	15.80	+0.4
Hutchison Wpa	13.90	......
Indust Equity P	29.00	−0.5
Jardine Math	21.40	−0.1
New World Dev	14.50	−0.1
SHK Props	18.00	−0.3
Shell Elec. Mfg.	2.30	−0.07
Swire Pac A	25.10	−0.2
TV-B	16.90	−0.2
Wharf Hldgs	9.90	......
Windsor Ind.	19.70	......
World Int Hldgs	4.72	−0.08

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
Closing prices September 9

[illegible]

MONTREAL
Closing prices September 9

[illegible]

Indices

[illegible]

LONDON – Most Active Stocks
Wednesday, September 9, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit Telecom	17.0m	262	− 7	Racal	6.5m	295½	− 8½
Cble & Wire	15.0m	452	+ 2	Guinness	6.4m	367	− 2
Brit Gas	10.8m	167	− 2½	Mrks & Spncr	6.2m	225	− 9
Rls Royce	9.9m	111	− 3	T'house Forte	6.0m	252	− 7
BP	7.4m	358	− 6	Cad Schwps	4.9m	265	− 4

TOKYO – Most Active Stocks
Wednesday, September 9, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Kobe Steel	60.95m	305	+ 25	Sumitomo Metal	11.63m	246	+ 6
Oki Elec	31.18m	853	+ 5	Yokohama Rubber	10.82m	716	− 13
Nippon Steel	25.55m	347	+ 13	Nisshin Steel	9.96m	582	+ 6
Kawasaki Steel	17.14m	297	+ 12	Nissan Motor	9.81m	741	− 22
Fujitsu	13.87m	1,250	− 36	Mitsubishi Heavy Ind.	9.67m	600	+ 2

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:		
Alumase	458	+38
BICC	415	+13
Lond. Intl.	330	+ 8
WCRS	370	+12
Wimpey (G.)	260½	+ 6

FALLS:		
Bolt. Txtl.	83	−25
Bowater Inds	515	−13
Brit Aero	495	−14
Brit Telecom	262	− 7
Forward Tech.	86	− 8
Hill Sam.	634	−28
INSTEM	120	−10
Klein. Bens	528	−23
Leg & Gen	316	−15
Lon. & Manch.	324	−12
Mrks & Spncr	225	− 9
Nrtn Foods	288	− 7
Nurd. & Peack.	181	−10
Racal Elec.	295½	− 8½
Rowntree	561	−10
Wrightson (S.)	539	−20
T&N	254	−14
T'House Forte	252	− 7
Faber (Will.)	358	−15

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 41

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37⅞	20⅝	AAR s	.50	1.5	22	110	33⅞	33⅜	33½	+ ⅛
52	22	ADT	.92	1.8	29	2490	51⅜	51⅜	51⅜	
31¼	16¾	AFG s	.16	.6	10	615	27⅞	27⅝	27⅝	− ⅛
22⅜	6⅜	AGS s			18	440	20	18½	19½	+ ¾
10⅞	6¾	AMCA				20	9½	9½	9½	− ⅛
9⅜	4⅞	AM Intl				480	7⅜	7¼	7¼	− ⅛
65½	50¼	AMR			12	7946	58	56⅜	57⅞	+ 2
27½	24⅞	ANR pf 2.67		10.		7	25½	25½	25½	
25	22¼	ANR pf 2.12		9.4		4	22½	22½	22½	− ⅛
12¼	8¼	ARX s			11	77	11¼	11⅛	11⅛	− ⅛
73½	34⅜	ASA	2a	3.1		411	65⅞	65	65¼	− ½
20	9¾	AVX	.32	1.8	36	787	18⅜	17¾	18⅛	+ 1¾
67	41	AbtLab	1	1.7	24	5083	62⅜	60	60⅛	− ⅜
38	24¼	Abitibi g				85	25⅞	25¼	25⅜	− ⅜
16¾	9¾	AcmeC .40		3.1	13	90	12⅞	12⅜	12¾	
10½	6⅛	AcmeE .32b		3.5	56	41	9½	9¼	9¼	+ ⅛
23⅞	19	AdaEx 3.42e		16.		169	21¼	21⅛	21⅛	+ ⅛
19½	11⅜	AdmM s .24		2.1	9	179	12	11½	11⅝	− ⅜
28¾	12⅛	AdvSys.62t		2.2	18	163	28¼	27	27¾	+ ⅞
24½	12⅞	AMD				4547	20¼	19⅞	20⅛	− ⅛
56⅝	47	AMD pf	3	5.8		1112	52⅜	51¾	52	− ¾
11⅞	5¼	Adobe				152	9¼	8⅞	9¼	+ ⅛
20½	14¾	Adob pf 1.84		9.7		10	19¼	19	19	− ½
21⅞	17	Adob pf 2.40		11.		24	21⅜	21⅛	21⅛	− ½
15	10⅜	Advest .12a		1.0	9	348	11¾	11⅛	11¾	+ ½
68¼	53	AetnLf 2.76		4.6	9	5219	60¾	60	60⅜	+ ¼
83½	26½	AfilPb s .32		.5	21	246	68¾	67¼	68¾	+ 1¼
26⅞	18⅝	Ahmans.88		4.3	7	4510	20⅞	20⅜	20⅜	− ¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
86	61	Xerox	3	4.0	17	4007	76	75	75⅜	+⅜
58¼	53⅜	Xerox pf5.45		10.		280	53¾	53½	53⅝	+¼
31½	21½	XTRA	.64	2.2	23	481	29⅝	28½	28⅝	
27⅞	25⅝	XTRA pf1.94		7.4		500	26¼	26¼	26¼	−⅛
31¾	15	Yorkin			14	86	29⅞	29¼	29[illegible]	+⅜
7¾	2¼	Zapata				118	5½	5⅛	5⅛	−⅛
32⅞	20¾	Zayre	.40	1.5	10	3848	27½	26¾	27⅛	−⅜
14⅝	9¾	Zemex	.40	3.2	8	6	12½	12⅝	12⅝	
33⅝	18⅞	ZenithE			115	2461	28⅞	28	28⅝	+¼
13½	6¼	ZenLab				724	7⅝	7⅛	7¼	−¼
27¾	18¾	ZenNtl	.80	3.7	18	32	21⅝	21⅜	21½	+⅛
20⅝	12⅝	Zero	.36	2.0	18	107	18⅝	18¼	18⅝	
30¾	17½	Zurnin s .68		2.5	18	318	27¼	26½	27¼	
10⅝	8¼	Zweig n.65e		6.5		801	10¼	10	10¼	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months. plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 39

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dow edges up amid sporadic efforts at rally

WALL STREET

SPORADIC attempts at a rally surfaced on Wall Street yesterday as the pace of trading moderated, and blue chips, after a number of false starts, took the broader market slightly higher, *writes Gordon Cramb in New York.*

The Dow Jones industrial average closed 4.15 up at 2, 549.27.

Advancing issues managed an 812 to 759 big board lead over declines as the NYSE composite index crawled 0.20 higher to 175.79. Volume at 164.9m shares was sharply below the 242.9m units which changed hands on Tuesday.

Debt markets discovered a firmer foothold after the tumbling prices have taken in the past week, but aggressive buying remained absent.

In the stock market, Texas banks showed muted responses to the rescue of First City Bancorp, its own shares reopening $¼ down at just $1⅛. First RepublicBank, strengthened by its June merger with InterFirst, edged up $⅛ to $21.

MCorp, which hopes to see through alone its attempts to improve asset quality, was steady at $6⅞.

Of the money centre banks, Bankers Trust rose $⅝ to $45 on consideration of its $250m share issue. This only partially restored a £2 fall on Tuesday, though. Citicorp at $58¼ was down $⅜.

Airlines showed some sharp adjustments as the industry attempts to rewrite its rate card – autumn discounting continues to be found on domestic tourist routes, for seats requiring advance purchase and restricted to certain flights. However, a number of the larger internal carriers are now attempting to increase prices on heavily used business routings.

AMR, parent of American Airlines, ran up $2 to $57⅞, also on good August traffic figures. Texas Air, which owns Eastern among others, went $1 higher to $26⅝ in active dealings. Delta added $½ to $53⅝.

Allegis receded $½ to $96⅝ – the operator of United is returning to its core business but for the moment retains hotel and car hire interests.

In the technology sector IBM dipped $½ to $157¼ while the recently preferred Digital Equipment, unveiling a new product range, shed $⅞ to $182. Unisys at $41⅛ was $1¼ better and Control Data on $33½ let go $¼.

Pharmaceuticals had Merck up $1 to $213, almost recouping the previous session's $1¼ fall. Although some profits have now been taken, comment about its new cholesterol agent remains enthusiastic.

Eli Lilly at $92¼ was down $1. SmithKline Beckman shed $⅞ to $57⅞. Carter-Wallace, a drugs and toiletries group, picked up $¼ to $90½.

Ames Department Stores, heading the big-board actives, was shoved $3½ downward to $18⅜ as a large block was unloaded. This followed an overnight announcement of an earnings slump and an inquiry into inventory shortages. The Limited, sales patterns which had been found disappointing, eased $⅛ more to $40 after Drexel Burnham Lambert crossed one 200,000-unit parcel at that price.

Philip Morris, among those stocks which moved ex-dividend yesterday, still managed to firm $⅛ to $110⅞. Loews, which has interests in tobacco, insurance and hotels, advanced $1½ to $81.

Of the companies reporting results, Campbell Soup was up $⅝ at $63¼ on improved annual earnings of $3.81 a share against $3.45. General Cinema weakened $1½ to $53½ on its nine-month outcome which it said was held back by costs of its investments involving Carter Hawley Hale and Cadbury Schweppes.

Credit markets viewed unhappily a further run-up in the federal funds rate to touch 8 per cent. Although this largely reflected settlement day pressures, operators were not much impressed with the authorities offer of $2bn in customer repurchase arrangements to aid liquidity. Funds edged back to 7⅞ per cent.

None the less, federal bonds found some stability and at the 30-year end managed a ⅛₂ rally to leave the 8⅞ per cent issue at 92⅝₂ where it yielded 9.83 per cent.

CANADA

FEARS OF rising interest rates and inflation continued to depress share prices in Toronto, as did estimates of the US trade deficit for July to be announced tomorrow.

Against the lower trend, selected blue chips posted gains. Seagram, which reported higher second quarter earnings, gained C$⅝ at C$97½. Alcan advanced C$⅞ to C$42 and base metals were mixed despite an advance by Noranda which was up C$¼ at C$26⅞.

SOUTH AFRICA

A WEAKER bullion price caused gold shares in Johannesburg to close mostly easier in light trading. There was some selective buying and selling from London evident in the market.

Among blue chip gold stocks, Vaal Reefs shed R2.50 to R465, Randfontein lost R2 to R428 and Driefontein slipped R1.50 to R92.

Among the cheaper issues, St Helena moved down R1.50 to R83.50 and Harmony lost R1 to R54.50.

Diamond and platinum shares followed golds down. De Beers eased 50 cents to R52.50, Rustenburg shed 50 cents to R57.50

Mining houses were also easier.

Industrial shares closed mostly firmer.

Poll upset for Danish markets

BOND AND SHARE prices fell sharply in Copenhagen yesterday following the unexpected outcome to Tuesday's parliamentary elections, which produced no clear result, write Hilary Barnes in *Copenhagen and Alison Maitland in London.*

The weakness of the Danish krone on the foreign exchange markets, where it fell to DKr388.25 per DM100 before firming slightly, also undermined the securities markets.

In the equity market, where capitalisation is only about 15 per cent that of the bond market, the share price index tumbled 11.5 per cent to 204.88 and all sectors fell.

Banks and insurance companies, both heavily dependent on movements in the bond market, were hard hit, with falls of 5 per cent to 10 per cent.

Among blue chips, Dansk Sukkerfabrikker lost DKr19, or 6 per cent, to DKr290, Jyske Bank was down DKr45 at DKr520, a fall of 8 per cent, and Privatbanken fell *DKr25, or 8.7 per cent, to* DKr262.

Bond prices ended about 4 points lower but there were signs of recovery after the official close, when the popular 2006 9 per cent mortgage bonds were traded ¾ of a point above the official close at 82½.

Brokers stayed open throughout Tuesday night and there was substantial late-night dealing as the results came in.

Local dealers believe that markets are likely to stabilise again after last night's upset for the ruling coalition. J.P. Brokers said the outcome would, nevertheless, be a new non-socialist Government, so little had changed.

In London, Mr Brian Knox of Kleinwort Grieveson said the results had left Denmark "on a tightrope".

"It couldn't be a more desperately ambiguous result," he said. "The immediate future looks pretty messy... People on the whole want to wait and see if a viable-looking Government gets put together."

Brokers Phillips & Drew also took the view that the market was in for a period of uncertainty, especially if fresh elections had to be held and the krone remained under pressure. "It's not a market where you're going to see the best return on your money for the next month or so," said analyst Ms Sally Bolton-Jones.

EUROPE

Small-lot selling sends Brussels sharply lower

A MORE stable dollar helped major bourses in Europe move gently *higher yesterday, although* investors remained cautious over the long-term prospects for the US currency. Belgian shares suffered from a second day of sell orders and *Scandinavian markets succumbed* to profit-taking after recent advances.

Brussels was hit by a wave of selling orders, particularly from private investors which pushed the market sharply lower. The Brussels stock index lost 126.4 to 5,021.4, its largest one-day fall for more than three years.

Brokers said that the end of the summer run, an overbought market and Wall Street's recent losses depressed the market, while speculation was felt to be over in major holding company Société Générale.

A major loser was blue chip oil group Petrofina, which closed BFr700 lower at BFr12,850. Royal Dutch was down BFr75 at BFr4,775 and Solvay shed BFr100 to BFr14,500.

Holdings followed the trend with GBL BFr80 lower at BFr4,100 and Sidro down BFr100 at BFr2,500. Réserve, the share of Société Générale, slipped BFr40 to BFr3,660 on heavy turnover.

Frankfurt was helped by the more stable dollar and a few large buying orders which lifted prices modestly higher after a weak opening. The Commerzbank index rose 16.7 to 1,948.

Daimler-Benz showed the way upwards with a gain of DM40.50 to DM1,092.50 on a report that it planned to buy a 5 per cent stake in the French electronics and defence group Matra. Buying was also spurred by its plans for a joint venture with Mitsubishi of Japan.

Other cars followed the lead with VW rising DM4 to DM402 and BMW up DM3 at DM752.

Among banks, Deutsche Bank added DM1.50 to DM682, Commerzbank firmed DM2 to DM295 and Dresdner edged up DM2.50 to DM355.

Bonds ended firmer in a technical reaction to recent losses. The Bun*desbank sold DM98.7m of paper af*ter selling DM7.4m on Tuesday.

Amsterdam drifted quietly higher although uncertainty over the dollar and US trade deficit figures dampenend buying interest. The ANP-CBS index, calculated at mid-session, slipped 0.2 to 330.8 and did not take into account a mild rally late in the session.

Blue chips posted selected gains with Unilever up Fl 2.30 to Fl 136.80, Akzo adding Fl 1.90 to Fl 169.20 and Royal Dutch up 20 cents to Fl 260.

Zurich took a lead from the more stable dollar to partially recover from a spate of selling and widespread losses the previous day. The Crédit Suisse index added 2.2 to 595.5 in moderate turnover.

In the industrial sector, Alusuisse bearers were up SFr5 to SFr680 after the company reported a return to the black in the first half of 1987 following broad restructuring.

Paris remained subdued as investors were sidelined awaiting the US July trade figures due out tomorrow. Continuing weakness on the financial futures market and longer-term concern over the dollar also depressed activity.

The CAC index slipped 1.6 to 429.1.

Blue chips were mainly weaker with Lafarge Coppée losing FFr23 to FFr1,680, Thomson-CSF slipping FFr18 to FFr1,338 and Peugeot down FFr17 at FFr1,594.

Oslo ended a string of seven consecutive records and closed sharply lower on heavy profit-taking. The all-share index fell 6.74 to 411.00 in *brisk trading.*

Industrials posted the largest declines with Hafslund losing NKr23 to NKr640 and Orkla Borregaard down NKr23 at NKr586.

Stockholm moved lower as interest rate fears and the overnight fall on Wall Street hurt the market. The J & P index fell 7.1 to 3,087.8 in active trade.

Milan fell across the board in light trading with insurers and blue chips posting the largest declines. The MIB stock index dropped 6 to 833 as uncertainty over the 1988 budget was compounded by a call for a vote of confidence over the Government's decision to send a naval force to the Gulf.

Madrid moved broadly lower on profit-taking pushing the general index 5.38 lower to a close of 306.92.

LONDON

THE CLOUDS hovering over the US and Japanese stock markets reached out to embrace London yesterday. Government bonds fell 1¼ points and leading shares also dipped when investors lost confidence.

The FT-SE 100 index closed 25.1 lower at 2,249.1 and the FT Ordinary was down 19.1 at 1,756.1. Details, Page 38.

ASIA

Nikkei drops as telecom stocks fall from grace

TOKYO

TELEPHONE and telecommunications stocks turned sharply lower on profit-taking in Tokyo yesterday and took the Nikkei stock average below 25,000 for the first time in a month, *writes Shigeo Nishiwaki of Jiji Press.*

The index slid 266.16 points to 24,937.93, falling below 25,000 for the first time since August 7 when it closed at 24,937.93. Turnover increased from Tuesday's 546.07m to 620.03m shares. Declines outnumbered advances by 595 to 301, with 144 issues unchanged.

Nippon Steel, Kawasaki Steel and other large-capital steel stocks were among the best performers.

Some stocks related to Nippon Telegraph and Telephone (NTT) fell on profit-taking after the previous day's strong gains largely initiated by securities companies' buying.

OKI Electric Industry ended Y5 up at Y853 after surging Y23 at one step on an active volume of 31.18m shares. Toyo Communication Equipment shed Y90 to Y1,950, Tamura Electric Works was down Y50 at Y1,230, Ando Construction lost Y30 to Y865 and Fujikura Cable Works shed Y15 to Y850.

By contrast, Iwatsu Electric advanced Y100 to Y1,180 and Nitsuko closed Y280 up at Y1,900 after gaining a maximum Y300 to Y1,940 at one stage, reflecting the widespread view that their prices were far too low compared to other NTT-linked stocks.

High-technology issues were sold almost across the board after firm performances the previous day. Selling was triggered by rumours that a major monthly magazine will publish a story on Japanese companies which have allegedly violated the rules of the Paris-based Coordinating Committee (Cocom) for controls on exports to the Communist bloc.

NEC eased up Y10 to Y2,000, Mitsubishi Electric lost Y15 to Y599 and Sony was down Y160 at Y4,890.

Fujitsu closed Y30 lower at Y1,290 on the fifth largest volume of 13.07m shares, after shedding Y50 at one point in the session.

Large-capitals sprinted ahead on rumours that the Bank of Japan may reduce its discount rate. Kobe Steel headed the active list, with 80.95m shares traded, and firmed Y25 to Y305. Nippon Steel gained Y13 to Y347 and Kawasaki Steel added Y12 to Y297.

The cash bond market fell sharply following steep declines of futures contracts.

The yield on the 5.1 per cent government bond maturing in June 1996 rose from Tuesday's 5.350 per cent to 5.440 per cent in block trading on the Tokyo Stock Exchange.

THE SECURITIES Exchange of Thailand (SET) yesterday opened a separate trading board exclusively for foreign-owned, legally registered shares, Reuter reports from Bangkok.

It will guarantee foreigners that shares they buy are legally held despite strict limits on foreign ownership, officials said.

Some foreigners have been unable to register shares they have bought because overseas ownership has already reached or exceeded the legal limit. Thai laws limit foreign ownership to 25 per cent of commercial banks and 49 per cent of most other companies.

Officials said foreign shareholders could try to sell shares on the main board if they could not find buyers on the new board.

The move is part of SET efforts to promote foreign investment, which has already contributed to the Thai bourse's strong rally over the past 15 months.

HONG KONG

THE WAVE of selling and profit-taking continued into a second day in Hong Kong in heavy trading, pushing the Hang Seng index down 23.90 to 3,577.64 for a two-day loss of 68.69.

The Hong Kong index ended 12.40 lower at 2,351.70 in trading worth nearly HK$2.3bn. Most major sectors fell but the utility index gained.

The utility sector saw Hongkong Telephone rise 40 cents to HK$15.80 amid rumours of an imminent change in status.

Most active stock was Hongkong Bank, off 20 cents at HK$10.80

SINGAPORE

FOREIGN and local buying was interspersed with some profit-taking in Singapore but the mood remained more bullish than last week. The Straits Times industrial index added 5.90 to 1,464.17 and volume edged up to 30.8m shares.

Among actively traded stocks, Sime Darby held steady at S$3.54 on 919,000 shares after its recent gains. Blue chip gains included most of the banks as well as Inchcape, 15 cents higher at S$6.80.

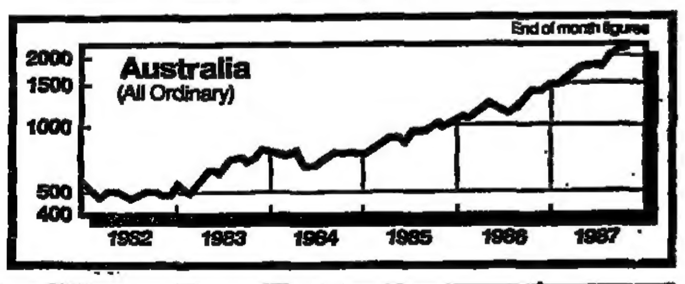
AUSTRALIA

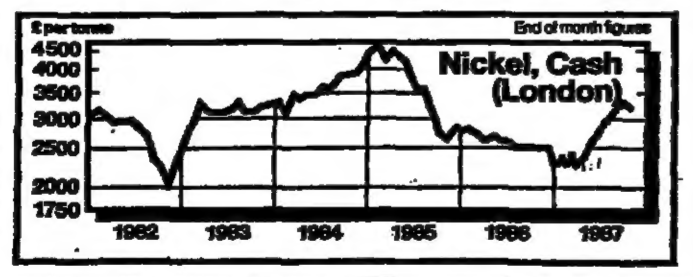
FALLS ON major world markets *gave Australian investors the jit*ters and the All Ordinaries index lost 19.3 points to 2,188.5 in fairly heavy national turnover of 175m shares.

Golds and other miners were dampened by lower New York commodity prices. Resources leader BHP ended 5 cents easier at A$10.15.

Banks ended *mixed after strong* gains earlier in the week.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Sept 9	Prev	Year ago
NEW YORK			
DJ Industrials	2,549.27	2,545.12	1,884.14
DJ Transport	1,013.83	1,012.12	782.50
DJ Utilities	199.32	199.92	210.47
S&P Comp.	—	—	247.67
LONDON FT			
Ord	1,756.1	1,775.2	1,331.1
SE 100	2,249.1	2,275.0	1,673.40
A All-share	1,150.56	1,161.58	822.03
A 500	1,262.59	1,276.66	902.88
Gold mines	448.6	454.2	302.6
A Long gilt	10.04	9.90	9.82
World Act. Ind (Sept 4)	135.34	136.93	99.61
TOKYO			
Nikkei	24,937.93	25,204.09	18,474.1
Tokyo SE	2,065.79	2,082.10	1,520.81
AUSTRALIA			
All Ord.	2,188.5	2,207.8	1,220.8
Metals & Mins.	1,376.8	1,395.2	587.8
AUSTRIA			
Credit Aktien	215.38	215.25	239.23
BELGIAN SE			
SE	5,021.40	5,147.80	4,034.33
CANADA			
Toronto			
Met.& Mins.	3,129.7	3,093.3	2,198.76
Composite	3,888.8	3,900.0	3,094.7
Montreal			
Portfolio	1,924.47	1,927.80	1,557.63
DENMARK SE			
SE	216.88	n/a	194.06
FRANCE			
CAC Gen	429.10	430.70	400.4
Ind. Tendance	111.30	n/a	95.62
WEST GERMANY			
FAZ-Akten	633.10	627.17	684.40
Commerzbank	1,948.0	1,930.40	2,064.6
HONG KONG Hang Seng	3,577.64	3,601.54	1,986.02
ITALY Banca Comm.	602.88	606.79	784.63
NETHERLANDS ANP CBS			
Gen	306.30	305.90	298.3
Ind	259.30	258.40	299.4
NORWAY Oslo SE	554.43	565.56	377.96
SINGAPORE Straits Times	1,464.10	1,458.20	837.39
SOUTH AFRICA JSE			
Golds	—	2,356.0	1,762.0
Industrials	—	2,222.0	1,361.0
SPAIN Madrid SE	306.92	312.30	203.91
SWEDEN J & P	3,087.80	3,094.90	2,454.98
SWITZERLAND Swiss Bank Ind	685.60	684.0	570.9

COMMODITIES (London)

	Sept 9	Prev
Silver (spot fixing)	452.95p	460.90p
Copper (cash)	£1,085.00	£1,069.00
Coffee (Nov)	£1,335.00	£1,320.00
Oil (Brent Blend)	$17.875	$17.60

GOLD ($/oz)

	Sept 9	Prev
London	$457.50	$458.00
Zürich	$458.25	$456.50
Paris (fixing)	$458.28	$461.58
Luxembourg	$459.10	$463.00
New York (Dec)	$464.5	$465.50

CURRENCIES (London)

	US DOLLAR Sept 9	US DOLLAR Previous	STERLING Sept 9	STERLING Previous
$	–	–	1.6510	1.6595
DM	1.7965	1.7925	2.965	2.975
Yen	141.55	141.70	233.75	235.25
FFr	6.0125	5.995	9.9275	9.9475
SFr	1.4870	1.4840	2.455	2.4625
Fl	2.0220	2.0175	3.335	3.3475
Lira	1,301.5	1,299	2,148.75	2,156.5
BFr	37.35	37.25	61.65	61.80
C$	1.3205	1.3125	2.1785	2.1790

INTEREST RATES

	Sept 9	Prev
Euro-currencies (3-month offered rate)		
£	10⅝	10⅝
SFr	3⅝	3⅞
DM	4	3[illegible]
FFr	8[illegible]	8[illegible]
FT London Interbank fixing (offered rate)		
3-month US$	7[illegible]	7⅞
6-month US$	8⅛	8
US Fed Funds	7[illegible]*	6⅝
US 3-month CDs	7.30*	7.525
US 3-month T-bills	6.39*	6.56

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
(Sept)	83-22	83-23	82-16	83-07
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.55	93.59	93.41	93.47
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.38	92.41	92.26	92.42
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	114-26	114-10	113-17	114-26

US BONDS

Treasury

	Sept 9 Price	Sept 9 Yield	Prev Price	Prev Yield
7¼ 1989	98[illegible]	8.41	98[illegible]	8.43
7 1994	93[illegible]	9.28	93[illegible]	9.313
8½ 1997	94[illegible]	9.475	93[illegible]	9.511
8⅞ 2017	92[illegible]	9.83	92[illegible]	9.874

Source: Harris Trust Savings Bank

Treasury Index September 9

Maturity (years)	Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	8.93	–0.03
1–10	154.83	+0.12	8.88	–0.03
1– 3	144.03	+0.07	8.37	–0.03
3– 5	157.57	+0.17	8.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	Sept 9 Price	Sept 9 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	(c)	(c)	92.75	6.76
SCBT South Central 10⅞ Jan 1993	(c)	(c)	101.0	10.63
Phibro Sal 8 April 1996	(c)	(c)	86.85	10.35
TRW 8⅞ March 1995	(c)	(c)	91.90	10.20
Arco 9⅞ March 2016	(c)	(c)	93.51	10.60
General Motors 8⅝ April 2016	(c)	(c)	77.86	10.80
Citicorp 9⅞ March 2016	(c)	(c)	85.92	11.00

Source: Salomon Brothers

* Latest available figures